

SSMA response to ESMA Consultation regarding EMIR 7d reporting

Swedish Securities Markets Association (SSMA) welcomes the opportunity to respond to this consultation regarding EMIR 7d reporting.

General comments

SSMA considers that any reporting under Article 7d should be demonstrably necessary, proportionate and aligned with the EU simplification agenda. ESMA has identified transaction reporting as a primary area with potential for substantial burden reduction and streamlining of processes. However, introducing a new reporting obligation under Article 7d contradicts the EU-wide focus on simplification, competitiveness and reducing administrative burden. SSMA believes that the additional reporting obligation under Article 7d remains disproportionate: implementing it represents a significant cost for firms, with little supervisory or monitoring benefit, as confirmed by supervisors in the consultation.

SSMA further does not support retrospective reporting and favours a proportionate implementation timeline, with a year-end reference date and an end-March reporting deadline to avoid conflicts with other reporting cycles.

Overall, the supervisory value of the proposed reporting should be carefully weighed against its implementation and ongoing compliance costs, particularly where equivalent information is already available. In light of the limited supervisory value identified in the consultation, ESMA should evaluate whether this report is really needed.

Q1. Do stakeholders agree with ESMA's assessment of data availability under existing reporting frameworks?

SSMA agrees with ESMA's assessment of data availability under existing reporting frameworks. Most required information already exists under EMIR, SFTR, MiFIR and CCP reporting. For information not reported under these frameworks, SSMA asks ESMA to reconsider whether such information is genuinely useful for supervisory purposes and

proportionate regarding the EU's cost reduction, simplification and competitiveness objectives.

As stated in the consultation, supervisors indicated that the information to be reported under Article 7d is not considered necessary for their supervisory or monitoring activities. Furthermore, supervisors stated that introducing a new, parallel reporting obligation under Article 7d would be likely to duplicate existing reporting requirements, entail a disproportionate operational and compliance burden for reporting entities, deliver limited or no additional supervisory value, and run counter to the broader simplification and burden reduction agenda.

While SSMA appreciates the efforts carried out by ESMA to identify data available under existing reporting frameworks, SSMA believes that the additional reporting obligation under Article 7d remains disproportionate, with little supervisory or monitoring benefit. Even though the reporting is limited to information not covered by existing reporting frameworks, it still represents a significant cost for firms to implement. Firms need to collect, process and validate data about products that have previously not been in scope of EMIR, which requires system developments. An additional annual report cycle adds recurring compliance tasks that must be maintained, tested and validated each year.

The supervisory value of each proposed data element should be weighed against its implementation and ongoing compliance costs. In light of the limited supervisory value identified in the consultation, ESMA should use the discretion available under its mandate to further limit the technical standards to the minimum information necessary to implement Article 7d, avoid duplication, and clearly identify the supervisory purpose served by each additional data field.

Should ESMA conclude in its own assessment that the Level 1 obligation under Article 7d produces limited additional supervisory value, SSMA encourages ESMA to communicate that conclusion to the European Commission for consideration in a future review of EMIR.

Q2. Do stakeholders agree with ESMA's proposal to require annual reporting by the last business day of January, covering the preceding calendar year? If not, please explain your reasoning, including any operational constraints or alternative timelines.

SSMA does not agree with the proposed deadline. One month after the end of the reporting year would not provide sufficient time to collect, validate, consolidate and reconcile the relevant information, particularly where data must be obtained from

multiple group entities, clearing members or third-country service providers. January would also overlap with other regulatory and financial reporting processes, including processes supporting the Active Account Requirement, which may rely on the same subject-matter experts, data owners and control functions. SSMA therefore recommends submission by the last business day of March following the end of the reporting year.

SSMA reiterates that the reporting under Article 7d is disproportionate in regard to the EU's cost reduction, simplification and competitiveness objectives, with little supervisory or monitoring benefit. Please see our response to Question 1.

Q3. Do stakeholders agree with ESMA's proposed transitional application mechanism? In particular, do stakeholders consider that the proposed arrangements provide sufficient time to prepare for the first reporting cycle while ensuring timely availability of the information?

SSMA does not support retrospective reporting for periods preceding the application of the final RTS and ITS. Although Article 7d is already in force, reporting entities have not previously had the final specifications needed to design their data collection, classification, consolidation and control processes. The draft technical standards provide details on the instruments, calculations, aggregation levels and data elements to be reported. In addition, since the scope of Article 7d includes products that fall outside of scope of Article 9 of EMIR, granular information on these might not have been collected or stored for reporting purposes.

Retrospective reporting could require firms to reconstruct historical datasets, including information obtained from non-EU clearing members and other third parties, which may not have been retained at the required level of granularity. This can create a risk of incomplete or inconsistent reporting without a corresponding supervisory benefit. SSMA therefore recommends that the first reporting period should begin only after the final RTS and ITS apply, which is in line with the simplification agenda.

Q4. Do stakeholders agree with ESMA's proposed approach to the categorisation of instruments for the purposes of Article 7d reporting, based on recital 17, the classes of instruments covered by T1-CCP recognition and the corresponding asset classes? If not, would stakeholders prefer the use of the ISO 10962 Classification of Financial Instruments (CFI), or another approach, to identify both the type of instrument and

the 32 associated asset class? Please explain your reasoning, including any implications in terms of data availability and reporting burden.

SSMA believe this topic should be revisited once the scope and intended definition of “spot” is clarified. A consistent cross-regulatory standard should be used, with high-quality CFI definitions based on the existing standard rather than a new one. If that cannot be achieved broader categories should be used to reduce system changes and costs.

Reporting should be limited to categories actually cleared during the reference year, and ESMA should explain the supervisory purpose of any additional reporting for securities, spot contracts and crypto-assets. ESMA should also consider narrowing the scope of the reporting, by excluding entities with no derivatives or SFT activity.

Q5. Do stakeholders agree with the proposed methodology for calculating average values cleared over one year, based on aggregate month-end average positions, with a breakdown by Union currency and asset class? Please explain your views, including any implications for data availability, operational feasibility or reporting burden.

SSMA considers that the methodology should be based on data that reporting entities can obtain and reproduce using existing systems. Twelve monthly calculations for each relevant currency and asset class would create additional extraction, allocation and reconciliation requirements. Calculating the annual average from quarter-end observations would likely reduce the burden.

Q6. Do stakeholders agree that, for the purposes of Article 7d(1)(c), initial margin provides a more meaningful and proportionate indicator of exposure to recognised third country CCPs than variation margin, and with the proposal to report margins at a less granular level than average values cleared, in particular by reporting initial margin per CCP recognised under Article 25?

SSMA agrees that initial margin is a more meaningful and proportionate indicator than variation margin for the purposes of Article 7d. SSMA also supports reporting initial margin at CCP level rather than requiring a more granular breakdown. To reduce duplication, ESMA should further assess whether information available directly from recognised third-country CCPs can be used to prepopulate, validate or replace equivalent data elements in Article 7d reports.

Q7. Do stakeholders also agree with ESMA's proposal to calculate reported initial margin as the average of month end observations over the reporting year? Alternatively, would either (i) the average of quarter end observations or (ii) the reporting of quarter end observations individually provide a more proportionate and operationally feasible approach?

SSMA understand the requested figure to be a point-in-time snapshot rather than an average over the reporting period. Further clarification would be helpful regarding the level of detail expected by the supervisor. As values may fluctuate significantly, a quarterly average could obscure material variations. Nevertheless, we do not anticipate significant reporting challenges under either approach.

We do not consider greater reporting granularity necessary. Instead, the data requirements should be harmonised to facilitate the efficient reuse of information already reported.

We prefer quarter-end observations to twelve separate month-end observations, as this approach aligns more closely with existing capital-reporting systems.

Q8. To what extent is it operationally feasible to obtain, provide and report initial margin information for the purposes of Article 7d reporting? ESMA would particularly welcome views from reporting entities, clearing members and other stakeholders involved in the reporting chain on the level of aggregation at which such information is available, the effort required to extract such information, and any associated implementation costs or operational burden.

SSMA does not consider increased reporting granularity necessary. Instead, reporting requirements should be harmonised to enable more effective reuse of data already submitted. This position may need to be revisited following further assessments.

SSMA also think short data-retention periods with reliance on non-EU clearing members, and group-level consolidation may create practical challenges. A year-end reference date, combined with a reporting deadline at the end of March, could be a better approach.

Q9. Do stakeholders agree with ESMA's proposal to adopt Option B (distinguishing between EU and non-EU entities within a group) as the baseline level of granularity for consolidated reporting under Article 7d(1)(b)? If not, which of the alternative

options (Option A — fully consolidated reporting, or Option C — full entity-level breakdown) would stakeholders prefer, and for what reasons?

SSMA strongly support Option A. The additional granularity under Option B would not provide sufficiently meaningful information to justify the associated operational complexity and reporting burden. Fully consolidated reporting provides an appropriate and proportionate level of information, while reducing the risk of reporting errors that inevitably increases with greater granularity.

Q10. What are the operational implications and implementation costs of Options A, B and C, including data availability and any additional allocation or aggregation logic required?

SSMA is of the opinion that any new reporting requirement inevitably entails additional costs. As noted in our response to Question 9, it is therefore important to assess whether the expected benefits justify the burden of introducing a report whose necessity has not been clearly established. This assessment should also consider the EU's broader efforts to reduce regulatory and administrative costs.

Q11. Do stakeholders agree with ESMA's proposal to require reporting under Article 7d in CSV format? If not, do stakeholders consider that another format would be more appropriate? Please explain your reasoning, including any implications in terms of operational feasibility, implementation costs or data processing. In addition, ESMA would welcome evidence on whether the proposed CSV format would materially reduce 33 implementation complexity relative to alternative formats, including from the perspective of smaller reporting entities.

SSMA agrees that CSV is a pragmatic and accessible reporting format and is likely to be less complex for many reporting entities than more technically demanding alternatives. However, the operational benefit will depend on ESMA providing a clear data specification in good time before implementation.