Post-trade reporting: Regulators call time on poor practice

A recent fine shows that regulators are losing patience with failures in post-trade transaction reporting. Linda Coffman, Reference Data Services SmartStream, suggests that specialist data services can help firms improve their ability to comply

January 2025 saw the UK's Financial Conduct Authority (FCA) impose a fine of £99,200 on a global brokerage firm for breaching Article 26(1) of the Markets in Financial Instruments Regulation (MiFIR) — the FCA's first enforcement action for transaction reporting failures under the UK regulation.

Between 1 October 2022 and 31 March 2023, the broker failed to submit any transaction reports to the FCA by close of the following working day, or at all, in relation to transactions undertaken by its single-stock contracts for difference (CFD) desk through one of its corporate brokerage accounts. Ultimately, this resulted in the firm not submitting a total of 46,053 reports.

In an accompanying press announcement, the FCA emphasised that it required complete and accurate information from firms under its supervision about the types of instruments traded, when and how they were traded, and by whom.

As this data played a key role in its ability to conduct effective market oversight, the Authority considered the broker's failure to submit any transaction reports for approximately 60 per cent of its single-stock CFD business line by close of the following day particularly serious. The fact that the firm had identified the discrepancies, but not proactively reported them, further exacerbated the case.

The recent Market Watch 81 newsletter, published in November 2024, also underscores the FCA's desire to tackle poor transaction reporting. Discussing its supervision of the UK Markets in Financial Instruments Directive (MiFID) transaction reporting regime, the regulator commented that it continued to identify incomplete and inaccurate transaction reports.

Worse still, it had seen data quality issues persist and reoccur even after they had been identified and allegedly remediated. The FCA expected firms to note its findings and make enhancements to their transaction reporting environment to comply with relevant requirements.

So why do data quality issues continue to persist and what can organisations do to remediate them?

One headache is the constantly-evolving nature of the regulatory landscape. Consider recent changes to the MiFIR post-trade transparency (PTT) rules that determine which counterparty to an OTC trade must undertake PTT reporting. In the wake of the EU MiFIR Review and the UK Wholesale Market Review, the EU introduced its Designated Publishing Entity (DPE) regime in February 2025, while the UK brought in the Designated Reporter (DR) system in April 2024.

Following these changes, firms firstly need to be aware that the connection between systematic internalisers and PTT reporting has been removed. Secondly, when engaging in an OTC trade, firms must determine if their counterparty is a DR or a DPE. Correctly identifying the status of a counterparty is vital, especially if financial institutions want to avoid under or over-reporting, thereby potentially finding themselves in the crosshairs of the regulator. Achieving this goal promptly and efficiently, however, hinges on having easy access to reliable data.

More generally, post-trade transaction reporting can involve gathering information from multiple sources. For firms carrying out PTT reporting across MiFID II, MIFIR, the European Market

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Infrastructure Regulation (EMIR) Refit, the Securities Financing Transactions Regulation (SFTR), and Dodd-Frank, this may mean accessing more than 20 regulatory registers.

These sources can be inconsistent, are not updated at the same time, and do not necessarily follow a set schedule. Other trouble spots include missing or incorrect information, and ambiguity. Typically, registers also lack a means that allows users to distinguish between additions, updates and deleted material.

Typically, much of the data-sourcing activity required to complete PTT reporting is simply diverted towards operations staff, who are obliged to search laboriously through regulatory registers for the relevant information. Not only is this time-consuming but a lack of automation increases the risk that errors occur, with mistakes in relation to the venue of execution being some of the most frequently made.

Turning to RDS

In response to the growing industry need, SmartStream's Reference Data Services (RDS) unit has launched its RegRegistry service. This amenity consolidates multiple regulatory indicators, including counterparty and venue classifications, and draws on sources such as the European Securities Markets Authority (ESMA), the Global Legal Entity Identifier Foundation (GLEIF), the Commodity Futures Trading Commission (CFTC), the FCA, and ISO market identifier codes (MICs), across numerous jurisdictions.

It contains over 20 reportable attributes, relating to a variety of regulations, such as MiFID II, MIFIR, EMIR Refit, SFTR and the Dodd-Frank Act.

Initially, the RDS developed the RegRegistry to meet its internal needs. Several factors led the RDS to consider the storage, accessibility, and updating of information from regulatory registers: post-Brexit divergences between EU ESMA and UK FCA regulatory data; adjustments following the EMIR Refit; the transition from the Systematic Internaliser to the DPE/DR regime; the varied formats in which different regulators published data.

At the same time, clients — who faced similar challenges and were seeking reliable, workable solutions — began to turn to the RDS. The RDS RegRegistry, which is manned by small to medium-sized enterprises (SMEs) with deep industry experience, monitors registers daily, automating data collection and validation. It highlights changes and cross-references data sets using LEIs, MICs, and ISINs, offering users accurate and continuously updated information. To promote flexibility, output is customisable so clients can receive and pay for only the fields they are specifically interested in.

The newly introduced service reduces counterparty risk by delivering standardised, up-to-date data about venue classifications and legal entity types. It offers multiple search combinations such as ISIN, LE, ISO MIC, and asset class. For example, it allows retrieval of DPE entities by ISIN, creating a useful tool for financial institutions looking to determine whether they, or their counterparty, are responsible for reporting. Conveniently, it can evaluate whether LEIs are active or inactive, offering firms a means of validating LEIs.

Typically, regulatory registers are quite skeletal, which makes them difficult to work with. The RegRegistry interprets this missing information, filling the gaps using a standardised format, which also helps prevent the patchy nature of regulators' lists from having a negative impact on firms' automation.

The RDS RegRegistry acts as a convenient aid where, for example, a transaction report has failed because of an error and must be corrected. Operations staff can tap into the service while they check back over the report, allowing inaccuracies to be cleared up more quickly and effectively. Importantly, the service also retains a record of changes to regulatory lists, which can be helpful for firms looking to carry out back reporting.

Easing sourcing, change management and integration for customers, the RDS enables financial sector companies to meet reporting requirements, as well as simplifying and reducing their compliance burden. It also reduces manual effort, potentially lowering the associated risk and cost.

In conclusion, authorities are beginning to tire of failures in post-trade transaction reporting and so financial institutions need to raise their game if they want to avoid falling foul of regulators. Even where they can delegate reporting, firms remain legally responsible for reports filed on their behalf, meaning it is even more important to keep a close watch on these activities.