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COMMISSION STAFF WORKING DOCUMENT

Progress report on the strategy on supervisory data in EU financial services

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EXECUTIVE SUMMARY

In its Communication 'Strategy on supervisory data in EU financial services'[1] of December 2021, the Commission set out the ambition to **modernise EU supervisory reporting, while minimising the aggregate reporting burden for all relevant parties.** The work contributes to the Commission's wider aims to reduce administrative burden and rationalise reporting requirements, as well as develop a regulatory framework that is more suited to competitiveness and growth, as set out in the Communication on long-term competitiveness[2].

The implementation of the strategy is a long-term project carried out in cooperation with the European supervisory authorities (ESAs) – namely the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA) – and other authorities in charge of the technical work to define and implement reporting requirements. This report, announced in the strategy, provides an overview of the progress achieved to date on the main policy initiatives and the technical work to implement the strategy.

The strategy applies a **gradual and pragmatic approach**. It aims to strike the right balance between delivering improvements in terms of burden reduction, quality and availability of supervisory data and being mindful of the costs of transition. It consists of targeted measures to deliver improvements and strengthen more integrated reporting within the different financial sectors (banking, insurance and pensions, funds and markets), as well as measures that apply across sectors and deliver improvements on the key building blocks: data standardisation, data sharing and reuse, improved design of reporting requirements, and governance.

The Commission has proposed **targeted improvements in sectoral reporting frameworks** in recent reviews of legislation (for example the banking package, the bank crisis management proposal, and the recent sectoral reviews of the frameworks in insurance and investment funds – see section 3.1 for details). It will use other upcoming legislative reviews to propose additional sectoral improvements.

Above and beyond these targeted improvements, the Commission included broad **mandates for the relevant ESAs** in key pieces of legislation (see section 3.2 for details) to prepare comprehensive reports on how to improve consistency and achieve further integration of reporting within their sectors.

As regards the first horizontal building block on **data standardisation,** the mandates for the ESAs, mentioned in the previous paragraph, require them to propose improvements to data standardisation across reporting frameworks. The Commission services prepared a discussion paper and held a workshop with experts from the authorities and industry on building a common data dictionary that defines the data to be reported. Further progress was also achieved in advancing the use of standard identifiers, including the Legal Entity Identifier.

[1] Strategy on supervisory data in EU financial services (europa.eu)
[2] EU competitiveness beyond 2030 (europa.eu)

The Commission services consulted on legal and technical obstacles to **data sharing** between authorities in EU financial services. Based on the findings, it proposed targeted data sharing provisions in sectoral legislation (see section 3.1) as well as horizontal enabling provisions to further facilitate the sharing of information between authorities and promote the reuse of data, which will help avoid duplicative data requests by authorities[3].

To improve the **design of reporting requirements**, a comprehensive set of internal guidelines has been developed and is progressively being applied by the relevant Commission services when reviewing and developing financial sector legislation. The Commission has also proposed amendments to the ESA regulations to ensure that the relevant authorities regularly review and streamline reporting requirements and reuse existing data instead of introducing new reporting requirements. Furthermore, the Commission has taken steps to simplify the content of implementing technical standards on reporting by excluding the detailed reporting templates and instructions and publishing those separately in a form that relies on modern technologies.

In the area of **governance**, the Commission proposal amending the ESA and European Systemic Risk Board (ESRB) regulations aims to strengthen the cross-sectoral coordination of ESAs on reporting and data collection – see section 4.4. In the banking sector, the EBA and ECB, in coordination with the Commission and the Single Resolution Board, are strengthening cooperation by setting up a Joint Bank Reporting Committee to advance the integration of bank reporting for supervisory, statistical and resolution purposes.

The progress achieved in the implementation of the strategy will facilitate the application of **new technologies** to ensure efficient reporting and enable data-driven supervision. The Commission services have established the EU Supervisory Digital Finance Academy to improve the skills and knowledge required for EU and national authorities as well as a digital finance platform and data hub to support open collaboration between authorities and industry. The Commission services assessed the feasibility of publishing supervisory reporting requirements in a machine-readable and executable form. ESMA carried out a study to assess the technology implications on the scope of data and ways to access it under the pilot regime for market infrastructures based on distributed ledger technology.

In addition to the specific actions taken by the Commission, the strategy has provided backing and focus for multiple projects, including those of the ESAs. Taken together, the many different workstreams form a cohesive, long-term project to improve the effectiveness and efficiency of reporting in the financial sector.

However, significant work still needs to be done. Progress on some building blocks has been more challenging and slower than expected, also given resource constraints and complexities in the legal and institutional set-up. Strategy implementation is therefore expected to take several more years. The next steps include the final adoption of the Commission's legislative proposals by the co-legislators, reports by the ESAs setting out further measures to advance on integrated reporting and technical work in all the financial services sectors to realise the practical impact of the measures taken to date. The Commission services will continue to reach out and work with stakeholders to discuss the next steps and report on progress.

[3] COM(2023) 593 final.

1. INTRODUCTION

Financial institutions and other entities active in financial markets are required to report a wide range of data on their financial condition and activities. EU and national supervisory authorities need the data to supervise financial institutions and markets. Data enable supervisors to monitor risks, ensure financial stability and market integrity, and protect investors and consumers.

In its Communication 'Strategy on supervisory data in EU financial services'[4] of December 2021, the Commission set out the ambition to modernise EU supervisory reporting and put in place a system that delivers accurate, consistent and timely data to supervisory authorities at EU and national level, while minimising the aggregate reporting burden for all relevant parties. The improved supervisory reporting system would allow supervisors to make better-informed and faster data-driven decisions by making it easier to apply innovative supervisory technologies to data gathered with greater precision and speed. Its implementation would bring better coordination and convergence across financial services sectors through more consistent and interoperable data sets. At the same time, it would make reporting more efficient and minimise the compliance burden for reporting entities.

This document contains the progress report announced in the Communication. It gives an overview of the progress achieved to date on the main policy initiatives and technical workstreams contributing to the implementation of the strategy. Key up-to-date information on the progress of implementation, also after the publication of this report, is available on a dedicated website[5].

Implementation of the strategy is a long-term project with many different workstreams at both sectoral and cross-sectoral level. It is carried out in cooperation with the European supervisory authorities – namely the EBA, ESMA and EIOPA – and other authorities in charge of the technical work to define and implement reporting requirements. Progress takes time and resources, but the important intermediate deliverables have already been completed on all main workstreams set out in the strategy. In addition to the announced specific actions, the strategy has provided backing and focus for multiple projects, including those of the ESAs.

Implementation of the strategy has and will continue to significantly contribute to the Commission's wider aims to reduce administrative burden and rationalise reporting requirements, as well as develop a regulatory framework that is more suited to competitiveness and growth. In its Communication on long-term competitiveness, the Commission announced a new push for the rationalisation of reporting requirements with the aim to reduce such burdens by 25%, without undermining the related policy objectives. On

[4] Strategy on supervisory data in EU financial services (europa.eu)
[5] https://finance.ec.europa.eu/regulation-and-supervision/european-system-financial-supervision/supervisory-data-collection_en

17 October 2023 it adopted a first set of significant proposals to that end[6]. The Commission will work closely with the co-legislators to finalise these proposals as soon as possible[7].

This report is structured as follows: Section 2 provides an overview of the strategy, its objectives, approach and key building blocks. Section **Error! Reference source not found.** presents an overview of implemented sectoral measures, i.e., targeted improvements in individual legislative acts and mandates to the European supervisory authorities. Section 4 reports on progress with the horizontal, cross-sectoral workstreams on each of the key building blocks of the strategy. Section 5 draws conclusions and brings up lessons learned**Error! Reference source not found.**.

2. Overview of the Strategy

In its comprehensive fitness check of supervisory reporting in EU financial services[8], the Commission services concluded that the reporting requirements in place are necessary and effective overall in providing supervisors with relevant data. However, there is a need for more consistency and efficiency, more data sharing and reuse to reduce duplicative requirements, and more coordination and cooperation between the relevant stakeholders. This together will enable automated data processing with the help of modern technologies. As a result, and after further consultation with relevant stakeholders[9], the Commission adopted its strategy on supervisory data in EU financial services in December 2021. The strategy contributes directly to the implementation of the European data strategy[10] and the digital finance strategy[11].

The **objective** of the strategy is to modernise EU supervisory reporting and put in place a system that delivers accurate, consistent and timely data to supervisory authorities at EU and national level, while minimising the aggregate reporting burden for all relevant parties.

The strategy was designed around the following **key building blocks**: data standardisation and consistency, data sharing and reuse, design of reporting requirements, and joint governance. Delivering them enables more effective and efficient use of modern technologies to comply with the reporting requirements.

Achieving the objectives of the strategy requires modifications to supervisory reporting frameworks and to the methods for collecting and processing supervisory data, including

[6] See 2024 Commission work programme and specifically Proposal for a Regulation to facilitate data-sharing between financial sector authorities, COM(2023) 593 final.

[7] As part of the wider work on reporting rationalisation, the Commission also launched a call for evidence to identify reporting requirements in all EU legislation that could be removed or rationalised without undermining policy objectives. The relevant feedback received in the call for evidence that concerns financial services provided valuable information for the next steps in the implementation of the strategy. Administrative burden – rationalisation of reporting requirements (europa.eu)

[8] SWD (2019) 402 final

[9] https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13023-EU-financial-system-supervisory-data-strategy_en

[10] COM(2020) 66 final.

[11] COM(2020) 591 final.

legacy IT solutions. While it would bring significant lasting benefits and cost savings, it also inevitably implies an investment of resources during the transition. Based on the support of all stakeholder groups, the strategy therefore takes a **gradual and pragmatic approach**.

This approach involves sectoral measures as well as more extensive, long-term improvements that apply across financial services sectors. Sectoral measures include **targeted improvements** introduced during the regular review process of individual legislative acts in different sectors (banking, insurance, pensions, investment and markets). In addition, **horizontal measures** include actions that apply across the different sectors to advance work on the key building blocks of the strategy. Taken together, the many different workstreams form a cohesive, long-term project to improve the effectiveness, efficiency, relevance, coherence and EU added value of reporting in the financial sector.

3. SECTORAL MEASURES

3.1. Targeted improvements in sectoral frameworks

In sectoral reviews, the Commission services have screened the legislation for opportunities to (i) remove identified overlaps or inconsistencies in reporting within a legislative act or across multiple acts; (ii) remove redundant or outdated reporting requirements; (iii) provide or clarify specific definitions; (iv) streamline data flows between authorities; and (v) where appropriate, strengthen the proportionality of the reporting requirements. This process is ongoing and will also be applied in future reviews, but has already resulted in concrete improvements in sectoral reviews undertaken in this Commission mandate.

For example, in the **banking** sector, the co-legislators agreed to review EU banking rules (‘the banking package’)[12] in 2023. The package provides for the reuse of supervisory data by the EBA to publish relevant disclosures for small and non-complex banks[13], significantly reducing their public reporting burden.

In addition, in 2023 the Commission proposed a review of the EU’s bank crisis management and deposit insurance framework[14], which aims to reduce the reporting burden for banks and authorities by removing certain obligations[15]. This proposal also aims to improve information sharing between authorities to avoid duplicative reporting by banks[16].

[12] COM(2021) 664 final and COM(2021) 663 final.
[13] EBA reported 2,857 small and non-complex institutions in 2021 (see EBA/Rep/2021/15).
[14] COM(2023) 227 final, COM(2023) 226 final and COM(2023) 228 final.
[15] In particular, this includes the obligation to set the minimum requirement for own funds and eligible liabilities when a bank is earmarked for liquidation, greater flexibility in defining resolution strategies for subsidiaries (this is expected to exempt up to 300 small bank subsidiaries in the Banking Union from having to report detailed information to define the applicable resolution strategy), and the removal of certain information and administrative requirements for deposit insurance.
[16] The Single Resolution Board and other resolution authorities are to set up practical arrangements with the ECB, national central banks, the EBA, ESMA, EIOPA, ESRB and competent authorities to avoid double reporting by regulated entities where the information requested is already at the disposal of a public authority.

The EBA, following the publication of the cost of compliance study in 2021[17], in line with the strategy has made significant progress with implementing the recommendations of the study aimed at increasing the efficiency of reporting and reducing costs. Fifteen recommendations have already been completed, while the remaining 10 are at different stages of development. As part of the recommendations, the EBA has among others streamlined reporting for small and non-complex institutions, in particular on liquidity risk and interest rate risk, and has drafted guidelines on the resubmission of historical data under the EBA reporting framework that went through public consultation[18] and will be published in 2024.

In addition, the EBA has initiated a review of the resolution reporting framework in collaboration with the Single Resolution Board (SRB) and national resolution authorities to further improve and streamline it in light of experience gained so far, with the objective of promoting convergence, facilitate data flows and making resolution plans more operational and facilitate their use in a crisis.

In the **insurance** sector, the Commission's 2021 proposal on the Solvency II review[19], agreed by the co-legislators in December 2023, will remove, cut or rationalise several reporting and disclosure requirements for smaller insurance companies or those with lower-risk business models. It also extends certain reporting deadlines. As a result, a considerable share of European insurance undertakings will be eligible either for being completely exempted from Solvency II requirements or for automatic access to increased proportionality measures.

Under Solvency II, on 4 April 2023 the Commission also adopted new implementing technical standard (ITS) prepared by EIOPA, on reporting and disclosures by insurance and reinsurance undertakings[20] that simplify reporting. The ITS includes the simplification of quarterly reporting for all undertakings, elimination of some annual reporting templates for all undertakings and new thresholds to better promote risk-based and proportionate reporting requirements, leading to more exemptions from reporting certain templates[21]. These changes reduce reporting costs for the majority of insurance undertakings. They also prevent duplication by relying heavily on reporting requirements already existing under other relevant EU law. The ITS introduces some additional reporting, that improves supervision by monitoring emerging risks and new areas for which supervisors identified a number of data gaps.

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[17] https://www.eba.europa.eu/regulation-and-policy/supervisory-reporting/cost-compliance-supervisory-reporting

[18] Consultation on draft Guidelines on resubmission of historical data | European Banking Authority (europa.eu)

[19] COM(2021) 581 final.

[20] Commission Implementing Regulations (EU) 2023/894 and (EU) 2023/895.

[21] Under current reporting requirements, the 10 largest insurance undertakings have to complete on average 37 templates, while the 10 smallest insurance undertakings have to complete 28 templates on an annual basis. The new implementing technical standards (ITS) will significantly increase the share of such proportionate reporting exemptions for many undertakings once applicable from the end of 2023. In particular, the new ITS streamline around 20% of the existing templates, e.g. by introducing risk-based thresholds, and also remove several other templates. Furthermore, the ITS limit new reporting requirements on emerging risks to an absolute minimum. This measure would bring potential benefits for nearly 25 000 insurance undertakings (number estimation - see https://register.eiopa.europa.eu).

EIOPA has incorporated the financial conglomerates reporting package into its Solvency II taxonomy to facilitate the reporting of the new requirements, applicable by the end of 2023, by the regulated entities or mixed financial holding companies that wish to use it[22].

In the **pensions** area, EIOPA has adopted a revised decision[23], applicable as of 1 January 2025. It closes important data gaps related to emerging risks but also removes inconsistencies that EIOPA has identified in recent years. At the same time, the new decision is more proportionate, easing reporting requirements for small occupational pension funds[24] and limiting new quarterly reporting of derivatives and cash flows to the largest institutions for occupational retirement provision (IORPs)[25].

In the **investment funds** sector, the Commission proposed revisions to the directive on alternative investment fund managers (AIFM) and the directive on undertakings for collective investments in transferable securities (UCITS)[26] in 2021 (as part of the capital markets union package[27]). The review, provisionally agreed by the co-legislators in September 2023, will update the reporting framework design to reduce its complexity and make it less burdensome for the industry. The new reporting structure would help address conceptual misalignments identified in recent years and ease both data delivery and data analysis. The final agreement also includes improved information sharing provisions between ESMA and relevant EU and national authorities. Based on a mandate, ESMA is preparing to assess the implementation of the revised framework to improve data collection from alternative investment fund managers and harmonise data reporting requirements for undertakings for collective investments in transferable securities.

As regards **financial markets**, in 2023, as part of the October reporting rationalisation package[28], the Commission proposed to reduce the scope of the benchmark regulation[29] to cover only benchmarks that are significant for the EU's markets. This is expected to reduce the number of benchmark administrators subject to the benchmark regulation and corresponding reporting and other operational requirements by up to 90%. The proposal is under negotiation between the European Parliament and the Council.

The European markets infrastructure regulation (EMIR) 3.0 proposal[30] is expected to improve the sharing of information on derivatives transactions between authorities via a joint monitoring mechanism. Furthermore, based on the earlier improvements introduced in the

[22] https://www.eiopa.europa.eu/tools-and-data/supervisory-reporting-dpm-and-xbrl_en#the-ficod-data-point-models-and-xbrl-taxonomies
[23] EIOPA, Decision of the Board of Supervisors on EIOPA's regular information request regarding provision of occupational pensions information, EIOPA-BoS-23/030, 10 February 2023.
[24] The new decision exempts IORPs with less than EUR 50 million in total assets from the full set of reporting as opposed to the previous threshold of EUR 25 million.
[25] IORPs with more than EUR 1 billion in assets.
[26] COM(2021) 721 final.
[27] Capital markets union: Commission adopts package to ensure better data access and revamped investment rules (europa.eu)
[28] https://finance.ec.europa.eu/publications/2024-commission-work-programme_en
[29] COM(2023) 660 final.
[30] COM(2022) 697 final.

EMIR Refit[31] in 2019 and the markets in financial instruments regulation[32] (MiFIR) in 2021, ESMA has developed among others several deliverables. These range from draft technical standards to guidelines on reporting and technical reporting instructions that further improve the consistency and standardisation of derivatives reporting, e.g. by aligning the requirements with data standards agreed at international level and by introducing common messages across the reporting chain.

New reporting frameworks are being put in place to accommodate developments in digital and sustainable finance. The digital operational resilience act[33], adopted in 2022, introduced a streamlined incident reporting scheme, with one template and one deadline to report to the competent authorities. The ESAs are developing technical standards further specifying some of these elements and aim to ensure that standards remain proportionate in terms of reporting. The Commission continues to work with other jurisdictions in the context of the Financial Stability Board to extend the use of the single reporting template, which would further reduce the reporting burden for institutions active in third countries. The markets in crypto assets regulation[34] adopted in 2023 imposes only minimum reporting requirements on issuers of stablecoins and crypto-asset service providers, with a strong focus on the principle of proportionality.

In the area of sustainability, new data provision requirements have been developed for financial and non-financial entities to boost transparency, reduce greenwashing risks and help mobilise funding for the European Green Deal. These are predominantly public disclosure obligations rather than supervisory reporting and therefore outside of the scope of this report. However, recent efforts have improved the consistency and proportionality of the disclosure requirements[35] and further work taking into account the feedback provided by stakeholders in the call for evidence on rationalisation of reporting requirements[36] is ongoing. As regards supervisory reporting, the data reported to the supervisors is aligned with and reuses publicly disclosed information.

Several other recent Commission proposals aim to reduce the reporting-related burden of financial as well as non-financial entities. For example, the package on **anti-money laundering** (AML) and countering the financing of terrorism (CFT)[37], provisionally agreed by the co-legislators in January 2024, will harmonise the format for the reporting of suspicious transactions. This will reduce the scope of certain obligations and streamline the approaches by supervisors to information requests. A harmonised and consistent EU AML/CFT framework would benefit regulated entities both from the financial and non-

[31] Regulation (EU) 2019/834.
[32] COM(2021) 727 final.
[33] Regulation (EU) 2022/2554.
[34] Regulation (EU) 2023/1114.
[35] June 2023 package on Sustainable Finance; July 2023 adoption of Delegated Acts as regards European Sustainability Reporting Standards; COM(2023) 535 - Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - SME Relief Package.
[36] https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13990-Administrative-burden-rationalisation-of-reporting-requirements_en
[37] COM(2021) 421 final, COM(2021) 420 final, COM(2021) 423 final and COM(2021) 422 final.

financial sector. This would remove a diverse AML frameworks that entities operating in several Member States must comply with.

3.2. Sectoral mandates to the ESAs

The Commission has proposed mandates to the ESAs to advise on and advance the further integration of reporting, and improve consistency and data standardisation within their sectors beyond the improvements achieved by targeted modifications in specific pieces of legislation.

A **mandate to the EBA** to advise on the integration of supervisory, statistical and resolution reporting in the banking sector was already included in the capital requirements regulation[38] in 2019. Under the mandate, the EBA carried out a feasibility study[39] and has since worked with the ECB and national authorities to advance the integration project.

The Solvency II proposal contains a **mandate to EIOPA** to prepare a report on potential measures, including legislative changes, to develop an integrated data collection to reduce areas of duplication and inconsistencies between the reporting frameworks in the insurance sector and other sectors of the financial industry and to reduce compliance costs. It will also improve data standardisation and efficient sharing and use of data. Related to this work, EIOPA is currently assessing how derivative trade and position data reported under EMIR can improve or replace similar data reported under Solvency II in order to avoid duplicative reporting under different regulatory regimes.

The proposal for the AIFMD/UCITS review contains a **mandate to ESMA** to prepare a report on the development of an integrated supervisory data collection. The report should focus on measures to reduce areas of duplication and inconsistencies between the reporting frameworks in the asset management sector and financial markets. It should cover supervisory reporting but also statistical reporting frameworks of the ECB. In addition, ESMA should identify ways to improve data standardisation and efficient sharing and use of data. This report is currently being prepared. By January 2024, ESMA aims to set up a dedicated task force under its Data Standing Committee to deliver the report, in cooperation with the ECB and other ESAs.

The proposal for the MiFIR review includes an additional mandate to ESMA to report on the feasibility of more integration and streamlining of data flows in transaction reporting frameworks[40].

The sectoral work of the ESAs under their respective mandates also lays the foundations for delivering cross-sectoral improvements and the key building blocks of the strategy.

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[38] Regulation (EU) No 876/2019.

[39] https://www.eba.europa.eu/eba%E2%80%99s-feasibility-study-integrated-reporting-system-provides-long-term-vision-increasing

[40] The relevant frameworks are: MiFIR, EMIR and the securities financing transactions regulation.

4. HORIZONTAL WORK ON KEY BUILDING BLOCKS

This section provides an overview of the main initiatives towards completion of the key building blocks, in line with the commitments announced in the strategy communication. Some of these initiatives are horizontal and apply across the different sectors of the financial industry, and some are specific to individual sectors. The mix reflects the pragmatic approach that takes into account the different starting points of different sectors and focuses on gradual alignment.

4.1. Consistent and standardised data

Data specifications should rely on a clear and common terminology, as well as on common standards, formats and rules for the use of unique identifiers to avoid ambiguity in their interpretation and make compliance easier. Consistent and standardised data also help improve and verify data quality, which is essential for supervisors.

The mandates to the ESAs, described in section 3.2, to further integrate reporting within their areas of competence task them with proposing measures to reduce areas of duplication and inconsistencies and improve data standardisation within the sectors.

Moreover, the Commission services have been supporting and coordinating workstreams that are further deepening integration and facilitate the development of a **common data dictionary** in EU financial services. The dictionary would provide a common way to define the meaning and possible values of the data to be reported. Building such a dictionary is a cornerstone of the strategy and will be key to ensuring consistency of reporting requirements, achieving more data standardisation and making it easier to share and reuse the data for different purposes. In addition, the data dictionary can contribute to other longer-term goals such as making reporting requirements machine-readable and machine-executable.

Recognising the complexity of the task, and in line with the strategy, the focus so far has been on advancing the data modelling within sectors and development of sectoral data dictionaries.

The EBA, in cooperation with EIOPA, has updated the framework and methodology – the data point model (DPM) – that it has been using to standardise and harmonise data reporting and disclosure requirements in the banking sector. The updated framework – DPM 2.0[41] – significantly improves the current standard and is a key component of the EBA's and EIOPA's data dictionaries and a cornerstone of their reporting frameworks. By moving to DPM 2.0, the two authorities aim to reap the benefits of closer collaboration and greater harmonisation while also improving the digital processing of regulatory data required by the authorities.

Although statistical reporting is not directly in the scope of the strategy, the ECB has carried out a cost-benefit assessment of moving to an integrated reporting framework (IReF) for the

[41] https://www.eiopa.europa.eu/eba-and-eiopa-publish-data-point-modelling-standard-20-foster-collaboration-and-harmonisation-field-2023-06-13_en

statistical reporting of banks. This would replace various existing statistical reporting requirements with a single framework. Subject to adoption of the IReF regulation by the ECB Governing Council in 2025, the IReF is expected to go live in 2027[42]. The ESCB cooperates closely with the banking industry to optimise reporting and reduce the overall reporting burden via the Banks' Integrated Reporting Dictionary (BIRD).[43] The project steering group revised the BIRD scope and objectives in 2021 to ensure that it brings benefits and is viable for the banking industry and the authorities. In addition, the steering group proposed aligning data models between BIRD and IReF.

The EBA, ECB, SRB and the Commission services have worked together on possible ways to move towards more integrated reporting in banking and explore options. This includes a common data dictionary and integration of IReF and DPM approaches mentioned above.

In the financial markets area, ESMA has launched an initiative to develop a metadata dictionary, DATAD, in the financial markets sector to help implement the strategy. ESMA's objective is to get a comprehensive and comprehensible view of all the information it collects that is currently available in multiple databases. In addition, it also expects the dictionary to help identify redundant reporting requirements and interdependencies between the requirements. It is part of the wider work of ESMA on strengthening its role as a data hub, focusing on improved data, information accessibility, interoperability and usability, along with data harmonisation and standardisation[44].

However, despite the progress made, it does not appear feasible to establish fully-fledged dictionaries in all financial services sectors by 2024 given the lack of complete clarity on the appropriate scope of the dictionaries and available resources. In the short-term, the work on the sectoral dictionaries will therefore continue.

In parallel, to ensure that the work done within sectors can be brought together in the mid to longer-term, the Commission services have explored the appropriate scope and form of a cross-sectoral common data dictionary. In 2023, the Commission services published a **consultation paper**[45] to align the disparate terminology and approaches used in different sectoral initiatives and by different stakeholders related to data dictionaries. Building on the consultation paper, the Commission services organised a **workshop with authorities and industry**[46] to gather experts from EU and national authorities as well as the financial services industry to present and discuss their views. The workshop has confirmed that there is a need for a cross-sectoral data dictionary to provide a common understanding of what is reported. However, it has also made it clear that there are different views on what information the dictionary should contain or how it should be structured. There is general support for a cross-

[42] ECB (2023): The Eurosystem Integrated Reporting Framework – An Overview. https://www.ecb.europa.eu/pub/pdf/other/ecb.iref_overview2023~5897910183.en.pdf

[43] https://bird.ecb.europa.eu/

[44] ESMA (2023): ESMA Data Strategy 2023-2028. https://www.esma.europa.eu/sites/default/files/2023-06/ESMA50-157-3404_ESMA_Data_Strategy_2023-2028.pdf

[45] https://finance.ec.europa.eu/document/download/edc00299-505a-4306-a901-be08a0ba964e_en?filename=finance-events-231020-discussion-paper_en.pdf

[46] https://finance.ec.europa.eu/events/workshop-building-common-data-dictionary-eu-financial-services-2023-10-20_en

sectoral dictionary, but its implementation should be done in stages by first agreeing on a common vision that can be followed and implemented within each sector, taking into account legacy constraints and sectoral characteristics.

The workshop has shown that views are mostly aligned that the common data dictionary should include a **glossary of concepts**. To help develop it, the Commission services have been working on a glossary of concepts[47] used in EU legislation and their definitions. The pilot project to build this glossary is being expanded and further assessment is ongoing on the technical options to take the work forward. Further work is needed to determine a roadmap towards a common data dictionary. In the meantime, work by the Commission services and other authorities within sectors will continue as it provides valuable lessons and brings benefits on its own.

Work has also continued to advance on the use of common identifiers[48] and other standards for reporting in the financial sector, including internationally agreed standards like the **Legal Entity Identifier (LEI)**[49]. As a global entity identifier in the financial sector, it allows the unique and unambiguous identification of entities. It is particularly helpful in connecting individual data sets of granular information on entities from multiple sources, facilitating supervision. Since the introduction of the LEI in 2011 by the G20, the Commission services have been driving and encouraging more comprehensive and systematic use of the LEI for reporting purposes in financial services[50]. However, the benefits that the LEI could bring as a global standard depend on international take-up[51]. The Commission therefore plays an active role in international discussions to advance LEI uptake by relevant entities in the financial sector via the Regulatory Oversight Committee of the LEI and the Financial Stability Board, supporting also wider international efforts on data standardisation[52].

In line with the strategy, the Commission services reviewed the relevant reporting frameworks and, where appropriate, proposed amendments to ensure that the LEI is systematically reported by entities in the financial sector where such entities hold an LEI. As

[47] https://op.europa.eu/en/publication-detail/-/publication/355473b1-45ca-11ec-89db-01aa75ed71a1/language-en/format-PDF/source-241830655

[48] There has also been progress on the adoption of other identifiers. For example, the Commission services have carried out a consultation on the use of the Unique Product Identifier (UPI) for transparency reporting in MiFIR. https://finance.ec.europa.eu/system/files/2023-11/2023-otc-derivatives-identifier-consultation-document_en_0.pdf

[49] There is also progress on the adoption of other identifiers. For example, the Commission services have carried out a consultation on the use of the Unique Product Identifier (UPI) for transparency reporting in Mifir. https://finance.ec.europa.eu/system/files/2023-11/2023-otc-derivatives-identifier-consultation-document_en_0.pdf

[50] The ESAs and other authorities have also worked on strengthening the use of the LEI. For example, EIOPA has revised its guidelines on the use of the LEI, also promoting its use while considering proportionality. See https://www.eiopa.europa.eu/publications/revised-guidelines-legal-entity-identifier_en

[51] Take-up of the LEI outside of the EU is currently not sufficient to realise the potential of LEI as a truly global identification standard.

[52] In addition to the LEI, there has also been cooperation at global level on other standards, e.g. in relation to OTC derivatives data (UTI, UPI, CDE, etc.) that have been developed jointly with the authorities of the other jurisdictions and are now being rolled out.

most reporting frameworks already require LEI reporting where available[53], only a few remaining gaps were identified and closed[54]. Following a recommendation by the ESRB, the Commission services also assessed whether there was a case to make the LEI mandatory for a broader set of legal entities, but concluded that at this stage there was no need for legislation. Relevant entities in the EU, including financial entities and larger non-financial companies, already hold an LEI and are identified by it in the reports to the EU and national authorities. Mandating the LEI for other entities, including smaller non-financial entities, would not seem proportionate[55].

Consistent and standardised data – main initiatives

- Sectoral data standardisation and harmonisation work, including the development of sectoral data models and dictionaries (the EBA and EIOPA DPM 2.0, the ECB's IReF; the banking industry's and ECB's BIRD, the ESMA's metadata dictionary) as an important step towards a common dictionary.
- Workstreams on the integration of reporting in the banking sector.
- Workshop and consultation paper on the content, purpose and governance of a common data dictionary.
- Closing remaining gaps in EU legislation on LEI reporting in the financial sector.

4.2. Data sharing and reuse

Facilitating the sharing and reuse of reported data among national and EU authorities reduces the burden on reporting entities by avoiding duplicative data requests and potentially repetitive efforts by authorities to clean and process the data. The Commission therefore committed in the strategy to identifying existing barriers to data sharing and addressing them where possible. The common specification and standardisation of data sets, discussed in the previous section, also contributes to effective data sharing and reuse.

The Commission services has performed a comprehensive review of data sharing among EU and national authorities in the financial sector. It gathered evidence in a targeted **consultation** on data sharing practices and barriers[56] in 2022. The information obtained enabled it to identify different legal, technical or administrative obstacles. To present the survey results, the Commission services organised a **workshop** with EU and national authorities[57] in February 2023. The workshop received wide support among authorities for more data sharing data both within and across the different financial services sectors to avoid duplicative reporting and get access to higher quality data. Strengthening and clarifying the legal basis

[53] See also LEI in Regulations - Solutions – GLEIF

[54] One main gap on LEI reporting was in the central securities depositories regulation, but the final text adopted by the co-legislators now provides for the reporting of the LEI by issuers in central securities depositories. Other gaps were already addressed before, including in the area of payments (transfer of funds regulation) or the proposed anti-money laundering package.

[55] Considering the cost/benefit trade-off and the existence of the EUID as an alternative identification scheme available for EU legal entities.

[56] https://finance.ec.europa.eu/regulation-and-supervision/consultations/finance-2022-open-finance_en

[57] Data sharing between authorities in EU financial services (europa.eu)

for data sharing in EU legislation was seen as key to improving data sharing – both through targeted changes in sectoral legislation and horizontal provisions.

Taking into account these findings, the Commission has made proposals, currently under negotiations with co-legislators, to **remove sectoral data sharing obstacles** between authorities in the legislative reviews, described in section 3. In addition, it proposed **horizontal data sharing provisions** by amending the ESAs and ESRB regulations[58] as part of the reporting rationalisation package of October 2023. The provisions aim to further facilitate the sharing of information between authorities overseeing the financial sector. They may share information with each other that they have obtained while carrying out their duties. The objective is to avoid duplicative requests to financial institutions and other reporting entities when two or more authorities have the right to collect the same information. Such sharing should respect all applicable data protection, intellectual property and professional secrecy standards. It should in no way restrict sharing that is already happening between authorities, but rather offer an additional channel for sharing. The proposed amendments would also enable innovation by allowing competent authorities, at their own initiative, to share information they obtain from EU or national reporting obligations with financial institutions, researchers and other entities with a legitimate interest for research and innovation purposes, provided specific conditions are met to safeguard this data. The proposal also provides a legal basis for providing anonymised data to the Commission for better evidence-based policymaking. Furthermore, the proposed amendments would mandate authorities to systematically scan existing reporting requirements and remove redundant and obsolete ones, reduce reporting costs and consider reusing existing reporting before introducing new requirements.

In the context of the EU financial data space, more data-sharing enables the set-up of an aligned supervisory pillar[59] – a system where entities report data only once, and where the data is shared and reused by various authorities overseeing the financial system in the EU as needed to perform their tasks. Although the strategy communication set out the ambition to assess potential options for a supervisory data space, the focus of the work so far has been on tackling the legal barriers to data sharing as a precondition for moving ahead. This paves the way for further technical work that is needed to deliver a supervisory data space with a secure IT environment in which data can be accessed and exchanged safely. To facilitate the deployment of data spaces at the general level, the Commission has launched several support initiatives. These include, in particular, the establishment of the data spaces support centre and steps towards the development of a dedicated open-source platform. Additionally, efforts are underway, beyond financial services, to define and improve relevant data standards and best practices and to ensure data interoperability.

The **EU and national authorities** have also made progress on more extensive reuse of data. For example, the EBA is preparing to build a Pillar 3 data hub (P3DH), which will centralise disclosures made by institutions under the revised capital requirements regulation[60],

[58] Proposal for a Regulation to facilitate data-sharing between financial sector authorities, COM(2023) 593 final.
[59] Announced in the digital finance strategy, COM (2020) 691 final.
[60] COM/2021/664 final

promoting market discipline and increased efficiency in data use. The EBA will compile these disclosures for small and non-complex institutions, reusing data it obtains from them under their supervisory reporting requirements. ESMA launched its data platform and is now working on granting national authorities access to certain data sets, dashboards and analytical capabilities. EIOPA and the ECB continue their cooperation to maximise the reuse of the information collected in the context of Solvency II.

The legislative package, adopted at the end of 2023, established a **European single access point**[61] providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability will enable supervisors to get easier access to data published by regulated entities.

Data sharing and reuse – main initiatives

- Targeted consultation and workshop identifying legal and technical obstacles to data sharing between authorities in EU financial services.
- Proposals to remove sectoral data sharing obstacles in legislative reviews.
- Proposal for horizontal enabling provisions to further facilitate the sharing of information and avoid duplicative reporting and improve the reuse of data for research and innovation purposes.

4.3. Design of reporting requirements

As announced in the strategy, **a set of internal guidelines** has been prepared by the Commission services to apply better regulation principles when designing regulatory reporting requirements in financial sector legislation. These guidelines cover the development and design of reporting requirements applicable to the EU financial industry in Level 1 legislation. The objective is to improve legal drafting to ensure that Level 1 requirements are more consistent and empower the ESAs to define technical standards for reporting. The guidelines cover procedural matters as well as the content of the reporting requirements. On the procedural side, they aim to improve planning, impact assessment and consultation, and coordination. On the content side, they lay out best practices in aligning the reporting requirements with policy objectives, striking the right level of detail, setting appropriate timelines and deadlines, and providing effective empowerments to develop technical standards[62].

The internal guidelines are being rolled out and have already been used in several recent instances when developing new reporting requirements or revising existing ones. For example, the reporting on funds under the revised AIFMD/UCITS directives will be streamlined by making it less complex and more consistent. The improved mandate to develop Level 2 legislation, in line with the design guidelines, gives ESMA clarity and flexibility to design, in coordination with the ECB and other relevant authorities, reporting

[61] Regulation (EU) 2023/2859.

[62] This measure would bring potential benefits for around 37 000 financial services providers (number estimation - see p. 219 of Study on the costs of compliance for the financial sector).

requirements that deliver relevant high-quality data without unnecessary burden. Other examples include the targeted sectoral measures described in section 3.1, which deliver improvements in reporting that are consistent with these guidelines.

As part of the reporting rationalisation package of October 2023, the Commission proposed **amendments to the ESA regulations**[63] aimed at improving the design of reporting requirements at Level 2 and limiting authorities' data requests to reporting entities to a minimum. These include explicitly requiring authorities to regularly review reporting requirements, remove any redundant or obsolete ones and reduce their costs, as well as to consider reusing already collected data instead of requesting additional data[64].

The ESAs are already doing valuable work in this area, as described in section 3.1. They are developing and maintaining **handbooks** on supervision that contain best practices, methodologies and processes related to supervisory data collection. They can help improve data collection at national level, also considering that a significant volume of data reported is also the result of national requirements rather than EU legislation.

As additional examples of ESA tools to facilitate and optimise reporting, the EBA published a signposting tool[65] that makes supervisory reporting requirements easier to navigate by identifying the relevant reporting modules and templates based on institution type and activities. This reduces the complexity and effort of compliance. EBA is also working on streamlining the internal processes for ad hoc data collection. This would ensure transparency of the requests for authorities, no data duplication and a balanced choice between costs and benefits on the approach taken. EIOPA is collaborating with industry and national competent authorities (NCAs) to ensure reporting is fit-for-purpose[66]. Resulting standards and guidelines are widely used to improve the efficiency of ad hoc data collections. EIOPA stresses the need for NCAs to avoid specific national templates unless the information cannot be derived from EU-level reporting requirements. In addition, EIOPA has included a chapter on data governance in its supervisory handbook. ESMA has developed and maintains an interactive single rule book on its website[67]. It aims to provide a comprehensive overview of and easy access to all Level 2 and Level 3 measures adopted in relation to a given Level 1 legislative act. The purpose of the rule book is to facilitate the consistent application of the EU single rule book, including in relation to reporting requirements, in the financial markets area[68].

As announced in the strategy, the Commission has also assessed options for streamlining the current lengthy and often complex process of developing regulatory and implementing

[63] COM(2023) 593 final.

[64] For statistical reporting, the ECB has in place an SSM-wide database of data collections and a process to review new reporting requirements, with this objective in mind.

[65] https://www.eba.europa.eu/regulation-and-policy/supervisory-reporting/signposting-tool

[66] Specifically, in the last ITS revision, it included a simplification of quarterly reporting and the elimination of some annual reporting templates for all undertakings. It also introduced risk-based thresholds in many templates – leading to a reduction in reporting for small and medium-size undertakings. Data is collected through a centrally managed xBRL taxonomy and data point metamodelling for both insurance and pensions.

[67] https://www.esma.europa.eu/publications-and-data/interactive-single-rulebook

[68] See also section 3.1 for specific efforts to increase consistency and implement the same standards and formats across reporting regimes.

technical standards for supervisory reporting. As a test case, it aims to significantly **lighten the content of the implementing technical standards** (ITS) that lay out the reporting requirements under the capital requirements regulation framework. The initiative is expected to result in shorter adoption/revision timelines, fewer Q&As and a reduction in potential errors when publishing the ITS[69]. This approach could be extended to other supervisory reporting frameworks in the future.[70]

Design of reporting requirements – main initiatives

- Development and progressive application of design guidelines for reporting requirements to both the development of new and the revision of existing requirements.
- Proposal for amendment of ESA regulations to regularly review and streamline reporting requirements and reuse existing data before introducing new ones.
- ESAs are developing and updating handbooks and other tools to facilitate and optimise reporting.
- Proposed streamlining of the process of developing ITS by lightening its content.

4.4. Governance

As set out in the strategy, moving to an improved EU supervisory reporting system that is fit for the future requires the joint effort and commitment of all stakeholders. It requires ongoing cooperation, coordination and exchange of information between the different authorities involved at EU and national level and also with industry. It also requires an appropriate forum and the resources to provide the technical advice and work needed to implement the different legislative and non-legislative actions.

In line with the strategy's gradual approach and in order to minimise resource constraints and avoid a proliferation of bodies dealing with supervisory reporting, existing governance structures are being used as far as possible to take the work forward.

Within the different financial services sectors, the ESAs and other authorities at EU and national level have their mandate and responsibilities for regulatory reporting under the different sectoral reporting frameworks. Dedicated committees are in place to coordinate the technical work related to supervisory data and reporting between EU and national level (e.g. the ESMA's Data Standing Committee, the EBA's Standing Committee on Reporting, Data Analysis and Transparency and the EIOPA's Information Technology and Data Committee[71]), and there are the relevant decision-making structures (e.g. Board of Supervisors of each ESA). Separate governance structures are in place in the area of statistical reporting under the responsibility of the European System of Central Banks. Much

[69] This measure would bring potential benefits for around 4 400 banks (number estimation - see https://www.eba.europa.eu/assets/2023-Annual-Report/en/index.html).
[70] The provisional agreement on Solvency II already includes this approach.
[71] EIOPA plans to transfer the responsibility for data and reporting to the Risks and Financial Stability Committee in the near future.

of the required technical work is sector-specific, and these structures have worked well to advance the relevant workstreams within the sectors.

Cooperation between authorities, including across financial services sectors, has increased in specific areas and for specific projects. One example is the cooperation between the EBA and EIOPA on the DPM 2.0 standard (see section 4.1). The ESAs have also been working closely together on implementing new reporting and disclosure frameworks that are inherently cross-sectoral in nature, including in the digital and sustainable finance areas. In addition, there has been significant cooperation between the authorities in charge of supervisory and statistical reporting. For example, EIOPA and the ECB, together with the relevant national authorities and central banks, cooperate closely to ensure integrated data flows for insurance companies and pension funds[72]. Similarly, in order to facilitate integrated reporting for investment funds, ESMA will engage with the ECB as well as the other ESAs to fulfil the objectives in line with the new mandate under the AIFM and UCITS directives (see section 3.2). The Commission proposal amending the ESA and European Systemic Risk Board (ESRB) regulations aims to strengthen the cross-sectoral coordination of ESAs on reporting and data collection.

In the banking sector, where the work on integrating reporting is advanced, governance structures are being strengthened to take forward the work and ensure effective cooperation and coordination between the relevant stakeholders. A Joint Bank Reporting Committee (JBRC) has been proposed which, in addition to the EBA, ECB, SRB and the Commission services, includes the national authorities and brings in industry expertise. The JBRC will provide support and advice to the relevant authorities in charge of setting reporting requirements on the development and implementation of an integrated reporting system for banks. It will also promote the development of a common data dictionary in banking and advise on ways to further improve coordination and data sharing among the relevant authorities to avoid duplication of data requests. The JBRC is expected to be set up in early 2024 and comprise the bank supervisory, statistical and resolution authorities at EU and national level. It will involve the industry via a reporting contact group that will work directly with and provide specific expertise to the JBRC[73].

On cross-sectoral governance and cooperation, the Commission services have already established an informal coordination body (the Supervisory Reporting Roundtable), comprising representatives responsible for reporting and data from all the relevant EU authorities (ESAs, ESRB, SRB and ECB). This group guided the preparation of the supervisory data strategy and has since worked together to exchange views and find common positions to advance its implementation. It has proven effective in deepening cross-sectoral

[72] In order to minimise the reporting burden on insurance corporations and pension funds, the ECB regulations (ECB/2014/50, ECB/2018/2) allow the national central banks to derive the necessary statistical information from data reported for supervisory purposes. Statistical information that cannot be derived from supervisory data is covered by additional reporting templates that have been prepared by the ECB in close cooperation with EIOPA.

[73] This measure would bring potential benefits for over 4 400 banks (number estimation - see https://www.eba.europa.eu/assets/2023-Annual-Report/en/index.html).

coordination and cooperation, and further formalisation was not deemed necessary at this stage of the strategy implementation.

Nonetheless, in its proposal of October 2023 to amend the ESA regulations, the Commission proposed to strengthen the legal requirement for the ESAs to cooperate within the Joint Committee of the ESAs, specifically regarding the governance of reporting requirements and the collection of information from reporting entities in the financial sector.

Given the ongoing work on specific initiatives and the need to advance the work within the financial services sectors, there has so far not been a need to develop or formalise any new cross-sectoral governance bodies or structures. This may be subject to future review. Depending on progress and experience gained, the JBRC may serve as a potential blueprint for a future cross-sectoral governance structure.

Governance – main initiatives

- Leveraging existing structures for cooperation within and across sectors, including the Supervisory Reporting Roundtable.
- Setting up a Joint Bank Reporting Committee to advance bank integrated reporting.
- Commission proposal to strengthen cross-sectoral coordination of the ESAs within the Joint Committee of the ESAs on reporting and data collection.

4.5. Use of modern technologies

Regulatory and supervisory technologies (RegTech and SupTech) can help implement and maintain key elements of the strategy and facilitate data-driven supervision. RegTech can enable more cost-effective, highly automated reporting by helping reporting entities provide data more accurately and rapidly. SupTech can assist supervisory authorities by allowing faster processing and more accurate and sophisticated analyses of the reported data to support their decisions.

The Commission services examined the potential of writing **machine readable and executable reporting (MRER)** instructions in a proof-of-concept project. The project assessed whether such an approach can lead to a more effective and efficient development of reporting requirements and reduce the implementation burden for entities. The findings were published in a report and discussed during a workshop in 2022 with representatives of EU and national authorities and industry[74]. The authorities stressed the importance of appropriate public/private governance and an adapted legal framework to make MRER happen, while the industry participants expressed their support and interest in contributing to further work in the area. There was consensus that machine readable and executable reporting will bring benefits, but more work is needed to take it from concept to reality. Follow-up technical work is ongoing with the ESAs.

[74] Workshop: Unlocking the potential of machine readable and executable reporting (MRER) (europa.eu)

To support innovation in finance and promote a single market for digital financial services, the Commission services launched the **digital finance platform** in 2022[75]. The platform was built to develop closer relationships between innovative firms (fintechs and established financial entities) and NCAs. To further develop the digital finance platform, the Commission services created a new data hub on the platform in 2023 that will give innovative firms access to synthetic supervisory data so they can test new solutions and train **artificial intelligence and machine learning** models. The data hub will make it easier to develop products that depend on data-intensive AI systems and complements national sandboxes and innovation hubs. The Commission services are also supporting the work of the European Forum of Innovation Facilitators[76] in developing and testing novel technical solutions and helping accelerate the uptake of new technologies.

The Commission services also continue to assess the benefits of using **distributed ledger technology (DLT) for reporting purposes** and testing the technology under controlled conditions. The regulation on a pilot regime for market infrastructures based on DLT[77] applies since 2023. It allows trading venues and central securities depositories to experiment with DLT while benefiting from certain exemptions from the MIFID/central securities depositories regulation framework that were deemed incompatible with DLT. ESMA and national regulators are currently in discussions with applicants that expressed interest in participating in the regime. The first applications have been officially submitted, with additional potential applications in the pipeline. ESMA has already published two reports on the DLT pilot regime, analysing a sample of representative DLTs with respect to transaction reporting, in particular the scope of data that is natively available on DLT platforms and how to access it[78]. The Commission services have also been exploring supervision of decentralised finance institutions and activities. They started a pilot project in 2023 to establish how and what data can be gathered from decentralised finance applications and how this can be used for effective supervision of their activities. The final report will be published in early 2024.

The Commission services, in cooperation with the ESAs and the European University Institute – Florence School of Banking and Finance, established the **EU Supervisory Digital Finance Academy**. It aims to support national financial supervisory authorities in coping with the risks and opportunities associated with the use of advanced technologies in the financial sector. The Academy is collecting best practices to enable peer learning, while

[75] https://digital-finance-platform.ec.europa.eu
[76] The European Forum of Innovation Facilitators is chaired by the Joint Committee of the ESAs and promotes communication and coordination between innovation facilitators. The digital finance platform provides information about the forum's work and offers a dedicated access point for entities interested in sandbox testing a new technology product or application involving more than one national authority. See also: https://digital-finance-platform.ec.europa.eu/cross-border-services/facilitators
[77] Regulation (EU) 2022/858, OJ 02.06.2022, L151/1.
[78] This work supports policy developments on the markets in crypto assets regulation as well as the implementation of the DLT pilot regime. For the latter, it identified potential areas of improvement that could be considered, such as the need for further API standardisation and interoperability among the different DLT infrastructures. With regard to the markets in crypto assets regulation, the study was supports ESMA's assessment of the data elements, which could be relevant for the purposes of supervising on-chain activities. See Study on how financial instrument transactions are registered in various Distributed Ledger Technologies and Study on extraction of transaction data; 5 October 2023.

taking stock of supervisors' needs in this area. Training programmes, the exchange of best practices and thematic workshops are being organised so that participants can acquire new skills and tools on digital finance. This will help gain a better understanding of associated supervisory needs, risks and challenges[79].

In addition, the ESAs and other authorities are developing **supervisory technology projects** to advance reporting in their areas of competence. ESMA is also working on improving the national competent authorities' capacity to use modern supervisory technologies, and in particular the application of machine learning and AI in the areas of market abuse and sustainability. EIOPA, together with NCAs, is promoting the efficient use of new technologies for prudential and conduct supervision. With the aim of becoming a data-driven institution, EIOPA is also working on the enhanced publication of studies and statistics or improved reports and analysis for NCAs using its EU-wide database, including pilot projects using machine learning techniques. The EBA is investigating new technologies that could be used to collect data directly from reporting entities and technologies. This would help to better deal with qualitative data.

Technology – main initiatives

- Report and workshop assessing the feasibility of publishing supervisory reporting requirements in a machine readable and executable form.
- Digital finance platform and data hub.
- Pilot regime for market infrastructures based on DLT and pilot project on embedded supervision.
- EU Supervisory Digital Finance Academy.
- ESAs and other authorities testing and implementing supervisory technologies.

5. CONCLUDING REMARKS

The 2021 Commission strategy on supervisory data set out the objective to modernise supervisory reporting in EU financial services and provided a framework to structure the work to achieve it. The implementation of the strategy is a long-term project with various workstreams at both sectoral and cross-sectoral level. Some are led by the Commission services, while others are led by the ESAs and other authorities in charge of the technical work to define and implement reporting requirements.

This document has provided an overview of the progress achieved to date on the main policy initiatives and technical workstreams contributing to the strategy implementation. It shows that progress has been made in line with the Commission's commitments in the strategy communication. Several important milestones have been reached in implementation within sectors as well as on horizontal building blocks. In addition to the specific actions taken by the Commission and the relevant Commission services, the strategy has provided impetus and focus for multiple projects, including by the ESAs.

[79] https://eusdfa.eui.eu/

However, significant work is still needed, and implementation is expected to take several more years. The work done so far has provided valuable experience and lessons for the future. First, the work on improving supervisory reporting closely relates to other data and reporting-related areas within the financial sector, such as public disclosures, and better coordination of activities in these domains would be beneficial. Second, the authorities involved in the implementation genuinely want to contribute to achieving the objectives of the strategy. However, their ability to allocate resources to improving the reporting frameworks has been limited by overall resource constraints and other competing tasks and priorities. Furthermore, the legislative framework and institutional set-up have a significant impact on the implementation of the strategy (for example by limiting data sharing and reuse), and adjustments take time and can be difficult to agree on.

The next steps in the strategy implementation include the final adoption of the Commission's legislative proposals by the co-legislators, delivering reports outlining further measures to advance on integration in the sectors under the ESA mandates and the technical work in all financial services sectors to realise the practical impact of the measures taken to date. The Commission services will reach out to stakeholders to discuss further actions and report on progress[80]. There is a continuing need for authorities across the EU and the financial industry to work together to complete the implementation of the strategy and achieve its objectives.

[80] Key up-to-date information on the progress of implementation is available on a dedicated website: https://finance.ec.europa.eu/regulation-and-supervision/european-system-financial-supervision/supervisory-data-collection_en