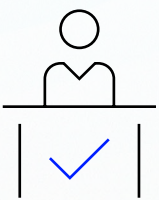


7 reasons to use an Approved Reporting Mechanism for your regulatory reporting

By Catherine Talks

According to the latest [ESMA data quality report](#), on average, over 50% of total transactions reported under Article 26 of MiFIR in Europe are processed through Approved Reporting Mechanisms (ARMs). Here we discuss the value of using an ARM and related ancillary services and highlight the specific benefits of those offered by LSEG Post Trade's Regulatory Reporting business.



ARMs are registered and approved by a competent authority and must meet a high standard of operational resilience.

1. Regulatory supervision

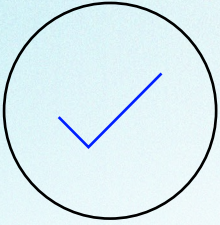
ARMs are registered and approved by a competent authority and must meet a high standard of operational resilience. These entities are highly regulated and are supervised directly by the FCA in the UK or ESMA in the EU.

2. Data quality and security

ARMs must have data quality checks and controls that adhere to reporting obligations set within regulation, which offers firms security and confidence that their reports are safe. Personal data submitted to the ARM is retained in accordance with high operational resilience standards and in adherence to GDPR data protection standards.

LSEG's offering provides high security encryption on personal data within the ARM and includes data permission rights according to user profiles. This enables firms to send transaction reports to the ARM without personal data but can associate the transaction to static reference data populated by the firms themselves using a code. This is encrypted and managed within the ARM, offering further security for firms' personal information.





The ARM must adhere to high standards in relation to operational resilience, allowing firms to access their data and the status of reports in a timely manner.

3. Robust exception management

An ARM enables pre-reporting checks and validations, ensuring firms have the capability to resolve errors before the data is submitted to a national competent authority (NCA). This reduces the numbers of errors that an NCA will be exposed to by reporting firms – offering a shield for those firms.

Due to the regulated nature of the ARM, if it has created an error on a validation, the ARM is responsible for highlighting and managing the resolution of the exception. Rather than an NCA directly investigating a single client for an error, the process is managed between the ARM and NCA, although certain data may be required from customers in some instances.

4. Uninterrupted service

The ARM must adhere to high standards in relation to operational resilience, allowing firms to access their data and the status of reports in a timely manner. If there are any NCA outages, these are managed between the ARM and the NCA, ensuring that reports are still submitted in good time. Firms are insulated from difficulties in file processing between the ARM and NCA; any connectivity changes or adaptations are managed by the ARM directly and do not require changes to be implemented by the reporting firm.

5. Streamlined connectivity

Many firms have reports to submit across a range of NCAs, and each may have its own connectivity requirements, potentially creating connectivity challenges for firms seeking to report directly. The firm may not have a central interface to manage the view of the reports submitted and responses received across a variety of NCAs with different connectivity methods.

LSEG Post Trade's ARM service addresses this with one central interface that demonstrates the status of each report submitted to the various NCAs.

6. Value-added services

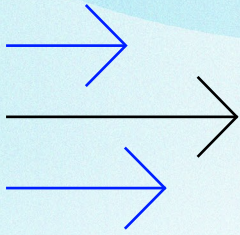
Many ARMs offer a range of additional value-added services for their customers. This will vary between ARMs.

LSEG Post Trade offers a wide range of ancillary services, utilising not only the firm's own data but the power of the community of firms within the ARM, providing access to insights that would not be possible with direct reporting, such as peer-to-peer analysis.

Some of these ancillary offerings – such as data quality reconciliations; more advanced validations, including market reference data to analyse scenarios; and additional control framework checks, such as Sanctions Screening – flag potential errors to firms.

With the FCA's [Market Watch 74](#) newsletter highlighting data quality breaks and reconciliation statistics, these services could assist firms in meeting their data quality obligations. Services are also available to assist firms with RTS21 Commodities Position Reporting and RTS23 FIRDS data reporting obligations, in addition to the control framework.

We have been investigating additional value-added ancillary services with our customer base to launch over the coming year, including pairing and matching of MiFIR reports, which is now live; the ability to highlight breaks with your counterparty that could indicate data quality issues; advanced analytics breakdowns, such as root cause information for CON-412 (eligibility) errors; and greater eligibility solution capabilities.



Firms can be confident that their data is managed in a timely, accurate manner before submission to the relevant NCA.

7. Compliance with confidence

Due to high operational governance and resilience standards, along with ARM-specific regulatory obligations, firms can be confident that their data is managed in a timely, accurate manner before submission to the relevant NCA.

Conclusion

LSEG Post Trade's MiFIR ARM and affiliated TRADEcho APA services enable firms to stay compliant with MiFIR/MiFID II transaction reporting, trade publication, Commodities Position Reporting, reference data reporting and other reporting requirements.

To find out how we can help you manage regulatory risk and derive greater value from your reporting, [contact us](#) today.



LSEG POST
TRADE

Contact us

Email regreportingsales@lseg.com

Phone +44 (0)20 7797 1122

Website www.lseg.com/en/post-trade/regulatory-reporting

Disclaimer

By making this communication, none of London Stock Exchange plc and/or its group undertakings (which shall be construed in accordance with section 1161 of the Companies Act 2006) (together "LSEG") intend to invite or induce you to engage in any investment activity.

This communication does not constitute an offer to buy or sell, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorised, or in which the person making such an offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such an offer or solicitation.

All information in this communication is provided 'as is' and LSEG makes no representations and disclaims, to the extent permitted by law, all express, implied and statutory warranties of any kind in relation to this communication, including warranties as to accuracy, timeliness, completeness, performance or fitness for a particular purpose.

LSEG does not accept any liability for the results of any action taken or omitted to be taken on the basis of the information in this communication. The information in this communication is not offered as advice on any particular matter and must not be treated as a substitute for specific advice. In particular, information in this communication does not constitute legal, tax, regulatory, professional, financial or investment advice. Advice from a suitably qualified professional should always be sought in relation to any particular matter or circumstances.

All and any trademarks and service marks used herein, including but not limited to London Stock Exchange and the London Stock Exchange Group coat of arms device, ('Marks') are trademarks or service marks (whether registered or unregistered) of LSEG, its group undertakings and/or its respective licensors. Marks cannot be used, reproduced or transmitted in any form, either entirely or partially, without LSEG's/owner's express written consent.

LSEG Post Trade Regulatory Reporting is a trading name of LSEG Regulatory Reporting Limited and LSEG Regulatory Reporting B.V.

© 2024 London Stock Exchange Group plc all rights reserved.