

Consultation Paper title	Improving the UK transaction reporting regime
Summary of intervention	This CP proposes simplifying the UK transaction reporting regime to reduce regulatory burden on firms and thereby support economic growth.
Feedback date of issue	03/11/2025
CBA Panel reference number	CBAP-0010

CBA Panel advice

Main recommendations

- **Simplify the analysis and presentation.** The Panel recommends that the CBA be shortened and simplified to reflect the relatively straightforward nature of the proposed change. At its current length, the analysis is disproportionately detailed for a deregulatory measure. The Panel further recommends removing or streamlining the causal chain analysis, which appears unnecessary given that the policy primarily reduces regulatory burden rather than addressing market failures and changing behaviour.
- **Strengthen the discussion of how benefits are expected to be realised.** The Panel recommends expanding the assessment of how and when cost savings are expected to materialise. In particular, the CBA should address whether asset managers are likely to realise actual cost reductions as a result of the changes, to ensure the credibility of the estimated net benefits. In the same vein, the CBA should clarify how its estimates of economic benefits from cost-savings relate to its analysis of the use of ARMs by reporting firms. The Panel also recommends improving transparency by summarising the key benefit figures upfront and ensuring consistency across tables and text.
- **Emphasise the pro-growth effects of the proposed intervention.** Given that the estimated cost savings to firms, and the resulting impacts on growth and competitiveness, are significant, the Panel recommends that these impacts are identified in the CBA as one of the primary outcomes of the proposals. The impact on growth and competitiveness should therefore be presented more prominently in the Executive Summary.

Summary

Category	CBA Panel comments
The market	The Panel recommends that the CBA more clearly define the relevant market. At present, it is unclear from this section whether it is the market for transaction reporting services, or the broader investment market that is being considered here. The Panel also suggests briefly describing the role of ARMs (and the effect of deregulation on ARMs) within this market if it is relevant.
Problem and rationale for intervention	The Panel recommends clarifying the rationale for the proposed changes by explaining why the information being removed is no longer necessary for meeting regulatory objectives. A short summary of how the existing requirements have created unnecessary burden and why their removal will not compromise market integrity or supervisory burden would strengthen the narrative and help justify the intervention.
Proposed intervention and alternative options	The Panel commends the clarity of the preferred option but believes that the CBA could include a fuller analysis of the trade-offs for a larger range of options. This might include analysing the costs and benefits associated with, for example, a shorter back reporting window, a materiality threshold for resubmissions, or a larger reduction in the number of reporting fields. The Panel therefore recommends that Table 2 is revised to present a more balanced comparison of costs and benefits across a wider range of options.
Assessment of costs and benefits	<p>Baseline and counterfactual. The Panel notes that the baseline and counterfactual appear reasonable but recommends briefly restating the status quo scenario to make clear what would happen in the absence of the policy. This would help reader better understand the incremental impacts of the proposed changes.</p> <p>Evidence and data. The Panel notes that survey participation was limited but does not consider this a material weakness in the CBA given the consistency of responses and broad industry support. The CBA should therefore clarify representativeness and highlight that the two ARMs responsible for the majority of transaction reports are included in the sample. The CBA should also emphasise qualitative evidence the FCA may have from stakeholder engagement. The Panel also recommends more careful consideration of what is the most appropriate evidence. The CBA in its current form includes charts containing an unnecessary level of detail, and therefore runs the risk of obscuring the more relevant information.</p> <p>Assumptions. No comments.</p> <p>Economic analysis. The Panel recommends greater consideration be given to whether and how cost savings will be realised in practice. The CBA should recognise that in areas where the proposed changes are incremental in nature, there may be relatively little impact on costs to asset managers.</p>

Risk and uncertainty	<p>The Panel recommends expanding the discussion of potential risks and unintended consequences, including whether reducing reporting requirements could have any impact on market monitoring or the detection of market abuse. The Panel also notes that the CBA assumes that UK and EU transaction reporting requirements will remain broadly aligned over the period for which costs and benefits are estimated. The Panel therefore recommends that this section be used to highlight the risks to the realisation of benefits associated with divergence, which would include frictional costs and compliance uncertainty for firms operating across jurisdictions.</p>
Wider economic impacts	<p>The Panel commends the CBA's explanation of the policy's pro-growth and competitiveness benefits and recommends highlighting these more prominently in the Executive Summary. The expected cost savings of around one-quarter of current annual costs represent a significant competitiveness gain and should be clearly articulated as a central outcome of the policy.</p>