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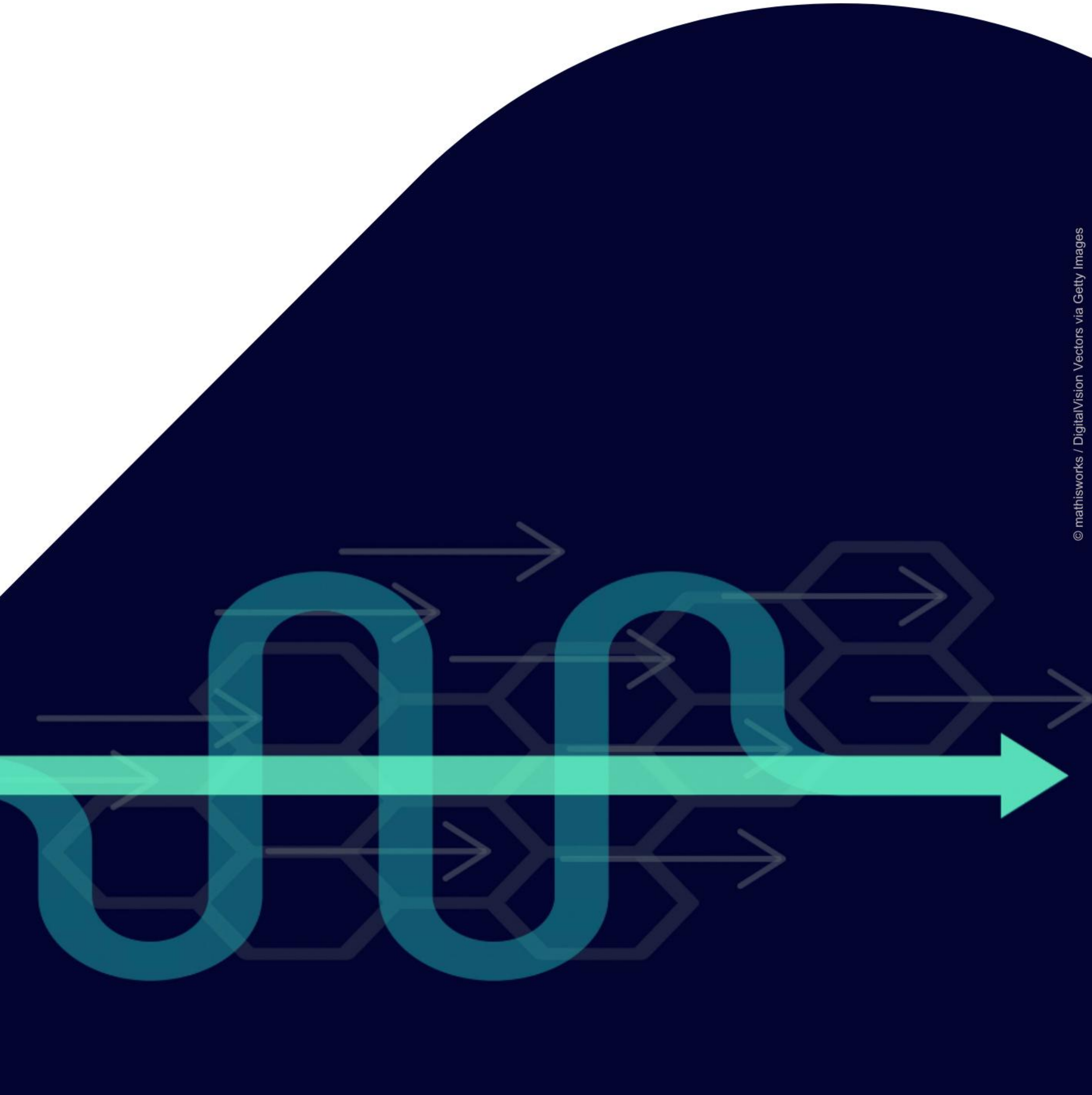
ESMA’s contribution to simplification and burden reduction



Contents

1 Executive Summary

ESMA is embracing the simplification agenda, reducing regulatory complexity and burden with the aim to contribute to enhancing efficiency, attractiveness and competitiveness of the EU capital markets.

ESMA is turning simplification and burden reduction into a core regulatory and supervisory objective—not a one-off exercise. ESMA has embedded simplification across rule-making, supervisory convergence, direct supervision and data. Its approach is clear: remove duplication and obsolete requirements, make obligations more proportionate, focus supervisory effort on material risks, while preserving the high standards of investor protection, market integrity and financial stability that underpin trusted EU capital markets.

ESMA is already delivering tangible results while building the foundations for larger structural simplification. Four flagship initiatives concentrate effort where the potential impact is greatest: integrated transaction reporting, integrated funds reporting, a simpler investor journey and effective risk-based supervision. The proposed long-term convergence of MiFIR, EMIR and SFTR reporting could generate annual savings of 22–24%, with combined benefits estimated at EUR 1–4 billion over ten years and cost reductions of around 10% for national competent authorities. In parallel, ESMA is advancing a single and proportionate funds-reporting framework, streamlining retail disclosures and assessments, and promoting supervisory engagement more clearly calibrated to firms' risk profiles.

ESMA's contribution extends across its full remit and uses every available lever. It has simplified or is reviewing requirements under MiFIR/MiFID II, EMIR, CSDR, MAR, the Prospectus Regulation, MiCA, AIFMD/UCITS, PRIIPs, sustainability reporting and other legislation. Examples include removing redundant reporting fields, reducing prospectus guidance by more than 30%, simplifying buy-back and settlement-related requirements, rationalising Q&As and guidelines, improving data sharing and pursuing the "report once" principle. ESMA is also applying greater discipline to new Level 2 and Level 3 measures so that regulation is targeted, evidence-based and proportionate from the outset.

ESMA built a sustained programme with a clear direction of travel. In 2027, ESMA will continue converting its recommendations into implementable reforms, working with the European Commission, co-legislators, national authorities and market participants. Progress will depend in several areas on timely Level 1 changes and coordinated implementation. ESMA will therefore prioritise measures that deliver meaningful net benefits, while avoiding repeated system changes and implementation costs.

2 Background

1. ESMA launched its simplification and burden reduction (SBR) workstream in the second half of 2024, in response to a renewed EU-wide focus on competitiveness and a significant reduction in administrative burden. This agenda was shaped by the reports of Mario Draghi, *The Future of European Competitiveness* (September 2024), and Enrico Letta, *Much More Than a Market* (April 2024), and subsequently reinforced through the European Commission's Competitiveness Compass and simplification initiatives, including those concerning financial services.

2. Political expectations have continued to intensify. In December 2025, the Council called on ESMA and other authorities to advance SBR. This was followed by the letter from the "E6" Finance Ministers urging progress on the Savings and Investments Union, including concrete simplification and burden-reduction measures. In its March 2026 conclusions, the Council again called on the Commission, the co-legislators and Member States to pursue ambitious simplification and reduce administrative burden.

3. ESMA is committed to making a substantive contribution to this agenda across its mandate. It has adopted a holistic approach covering rule-making, supervisory convergence, direct supervision and data, supported by a broader cultural shift towards simpler, more proportionate and outcome-focused regulation and supervision. Simplification is pursued without compromising the essential tenets of investor protection, market integrity or financial stability.

4. To maximise impact, ESMA has initially concentrated its efforts on four flagship projects with the greatest potential to deliver material benefits for EU competitiveness and burden reduction for market participants: integrated transaction reporting, integrated funds reporting, a simpler investor journey and effective risk-based supervision. Together, these projects address two major data-reporting frameworks, the regulatory experience of retail investors and the proportionality and efficiency of supervisory practices.

5. In parallel, ESMA conducted a comprehensive mapping across its remit to identify duplication, obsolete or disproportionate requirements, implementation inefficiencies and opportunities for better data sharing. This exercise continues to support the prioritisation of initiatives according to their potential impact, legal feasibility and alignment with relevant legislative review cycles. Based on this mapping, ESMA has initiated or advanced work across a broad range of frameworks related to market infrastructures, issuers and investors, and investment funds.

6. Alongside these targeted initiatives, ESMA has also embarked on a broader cultural shift towards simpler, more proportionate and outcome-focused regulation and supervision.

7. ESMA has applied a more selective approach to its policy work, being new guidelines, Q&As and other Level 3 tools, and is streamlining existing guidance wherever possible. ESMA is also exploring how automation and artificial intelligence could improve the

Interactive Single Rulebook and make EU financial rules easier for stakeholders to access and understand.

8. The update of the Data Strategy reinforces the SBR objective through actions requiring integrated reporting, greater data sharing, expansion of use of data platforms as joint supervisory tools.

9. Regarding supervision, the cultural shift implies promoting risk-based and outcome-focused approaches that target the most material risks, calibrate supervisory intensity to firms' risk profiles and identify synergies across mandates.

10. This report provides a consolidated account of ESMA's main recent and ongoing SBR initiatives and next steps. It aims to show how separate measures form part of a coherent, sustained contribution of ESMA to the EU simplification agenda, at the same time refraining from detailing the analysis contained in ESMA's individual reports, consultations, publications and annual work programmes.

3 Flagship projects

11. As part of its strategy to focus on areas which have a particular potential to bring important burden reduction results, ESMA has identified in 2025 four ***flagship projects.*** Given the magnitude of these projects, their preparation and implementation is spread over multiple years. In certain cases, putting these solutions into action is dependent on co-legislators' decisions.

3.1 Holistic review of transaction reporting

12. ESMA identified transaction reporting as a primary area with potential for substantial burden reduction savings and streamlining of processes. ESMA paused the review of the reporting regimes under MiFIR, while launching a broader workstream to explore streamlining and simplification. That broader workstream addresses overlaps and

inefficiencies across MiFIR, EMIR, SFTR, and related legislative frameworks. As part of ESMA's consultations and stakeholder engagement in 2025, there was a widespread consensus in the market on the necessity for reform in this respect.

13. The ESMA final report published in July 2026[1] details recommendations aimed at both Level 1 as well as Levels 2 and 3. The main recommendation of the report is to **aim for long-term convergence with an integration of MiFIR, EMIR, and SFTR to report once**. This would provide a clear legal basis for the development of a single integrated reporting model, whereby market participants submit transaction-related data through a unified reporting channel covering the relevant reporting requirements across various regimes.

14. The recommendations in the report combine short-term pragmatism with a longer-term strategic objective of shaping a more efficient, coherent, and future-proof transaction reporting framework. ESMA's work has been driven by the principles to: preserve information value, reduce overlaps and duplication across reporting regimes, pursue global alignment, and balance costs and benefits, underpinned by robust cost-benefit analysis. Taken together, these principles form a stable and transparent reference against which policy options are assessed.

15. ESMA considers that **a balanced approach is required so that the implementation of delegated reporting for transactions between financial counterparties and non-financial counterparties** should be prioritised and accelerated in the short to medium term, building on existing and well tested arrangements under EMIR and SFTR. This allows for immediate and tangible burden reduction. For transactions between two financial counterparties and between two non-financial counterparties, the definition of reporting arrangements for EMIR and SFTR requires a more granular assessment, reflecting the multiplicity of possible operational configurations, better considered in more flexible Level 2 and 3 measures.

16. ESMA has conducted **a thorough cost-benefit analysis** to have solid evidence for assessing the long-term convergence solution as well as the intermediate steps leading there. ESMA's analysis provides quantitative support for the long-term goal, showing that the transition is economically viable, with implementation costs offset at the end of the third year of implementation. The analysis estimates savings ranging from 22 to 24% of annual cost, resulting to an estimated the range of combined savings between EUR 1-4 billion over a ten-year horizon across all stakeholders. This includes cost reduction for NCAs amounting to 10% of relevant cost. These results are aligned with the European Commission's objective of reducing reporting and administrative burdens by 25%.

Next steps

[1] https://www.esma.europa.eu/document/final-report-call-evidence-comprehensive-approach-simplification-financial-transaction

17. Following the delivery of the final report, ESMA is engaging in discussions with EU policy makers on the next steps. Should ESMA's policy options be chosen by co-legislators, in an optimistic scenario ESMA would expect a newly integrated reporting model to be operational within five years from now, assuming necessary Level 1 changes to be made by mid-2028.

3.2 Integrated funds reporting

18. In 2025 ESMA launched a Discussion Paper to assess the current reporting landscape in the asset management sector and propose recommendations to improve its efficiency, consistency, and effectiveness. The initiative was broadly welcomed by industry representatives, who strongly argued in favour of a reduction of reporting burden and a push towards enhanced sharing of data and overall collaboration between authorities.

19. The report published in May 2026[2] includes the main messages that emerged from the consultation, in relation to the reporting as such, as well as how this should be operationalised.

20. Overall, there is a preference for the development of a **fully integrated and harmonised single reporting template**, based on common semantics/dictionary, which would allow asset managers to comply with all their reporting requirements in a single all-encompassing template. There is also **support for increased granularity,** as a positive way to reduce reporting burden, since it would allow to replace dual submissions and for aggregations to be made by authorities based on available granular data, instead of being subject to both granular and aggregated reporting.

21. The consultation confirmed a broad support for the creation of **a central ESMA data hub** which would allow centralisation of storage and validation of all data, while leveraging of modern technologies and facilitating data access and analytics by all relevant authorities. ESMA proposed **phased implementation** with adequate transition periods and robust governance between all authorities and industry groups. In parallel, ESMA has continued

[2] https://www.esma.europa.eu/document/final-report-integrated-collection-funds-data

to maintain active engagement with other EU and national authorities, including the ESAs, the ECB, and National Central Banks.

22. The future integrated reporting framework for AIFMD/UCITS will guarantee not only a consistent and proportionate approach for funds reporting across the EU but also ensure that fund managers are not subject to additional national reporting, including when commercialising their products across borders. Crisis situations that require additional ad-hoc reporting should be coordinated among Member States, in order to ensure that any additional national reporting remains targeted and circumscribed.

23. Development of dedicated IT systems on this basis will support the SBR objective of a more proportionate set-up vis-à-vis market participants.

Next steps

24. Following the delivery of its final report, ESMA has started the development of the technical standards on funds reporting under the AIFM and UCITS directives, with the aim of finalising this work in Q2 2027. The tangible burden reduction effects will materialise only upon implementation of the legal acts including the development of the dedicated IT systems needed.

3.3 Investor Journey

25. ESMA has identified "the investor journey" as an important topic where there could be room for simplification and burden reduction for market participants as well as for retail investors when looking to invest in the capital markets.

26. ESMA published a Call for Evidence in May 2025 with the aim of gathering input from stakeholders on key aspects of the investor journey, particularly on the MiFID II regulatory requirements and assess whether these requirements effectively support investor protection while also ensuring accessibility and ease of engagement for retail investors. The consultation also examined non-regulatory barriers to retail investor participation in capital markets.

27. In its Report[3] published in March 2026, ESMA explained the multiple factors, of both regulatory and non-regulatory nature, which taken together may create barriers for people to start investing. They refer to the complexity of disclosures for investor, heaviness of the suitability and appropriateness assessments as well as non-regulatory obstacles, such as taxation, level of fees and financial literacy levels.

28. As the Retail Investment Strategy legislation was developing in parallel, in order to avoid interference and duplication, ESMA first identified the areas which would need to be amended in relation to Level 2 and Level 3 of MIFID, with the objective to address those in a technical advice to the Commission. The focus is to make it easier for retail investors to access suitable investment opportunities, with a particular emphasis on simplifying processes and combatting information overload.

Next steps

29. ESMA will embed the work on the investor journey project into the mandates under Retail Investment Strategy, where feasible under the Level 1.

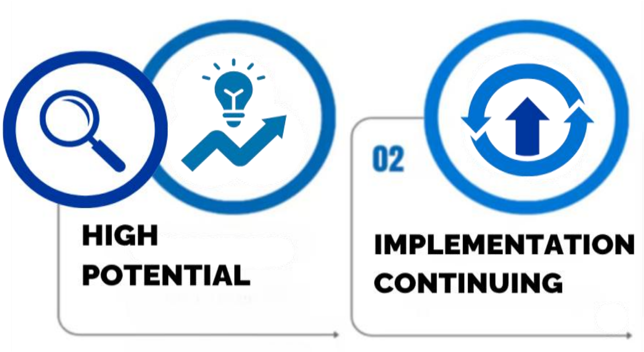
30. In addition, ESMA will support the Commission's ongoing review of the MiFID II investor protection framework through Level 2 and Level 3 measures aimed at simplifying disclosures, reducing duplicative requirements across MiFID II, PRIIPs and UCITS, and promoting digital-by-default communications. ESMA also intends to streamline MiFID II suitability and appropriateness requirements through updated guidance, greater reliance on digital tools and more proportionate approaches for lower-risk products, while maintaining a high level of investor protection.

31. Besides the individual measures and proposals, appropriate consumer testing appears crucial to ensure that requirements do not unnecessarily burden firms without providing corresponding benefits to clients and to the ability to deliver on the regulatory and policy objectives. Furthermore, the insights gathered will inform longer-term strategic discussions and potential future proposals on the overall investor protection framework.

32. One key objective of SIU is to facilitate access of retail investors to the financial markets, and ESMA's work on the investor journey is therefore of high importance. The potential burden reduction and simplification effects that could become the result of this work will depend on the overall level of ambition and need to be assessed in connection with other changes resulting from policy work on Retail Investment Strategy as well as additional measures in the area of financial literacy. ESMA is confident, however, that the results could be substantial if they are supported by policy makers over time.

[3] https://www.esma.europa.eu/document/report-retail-investor-journey-understanding-retail-participation-capital-markets

3.4 Risk-based supervision



33. Effective risk-based supervision (RBS) is a cornerstone of high-quality EU supervision. Effective RBS enables SBR by boosting supervisory efficiency and value, promoting stronger attention on key risks, shaping supervisory activities with a clear focus on the risks and outcomes, reducing unnecessary burden while preserving supervisory soundness. Additionally, it promotes transparency by identifying the issues and risks that warrant prioritisation and more intense supervisory focus.

34. In the context of SBR, ESMA promotes the use of effective RBS across NCAs' and ESMA's supervisory mandates as well as activities that make a tangible contribution to lowering unnecessary burden in the supervision process.

35. Notably, RBS ensures that the supervisory action is proportionate to the risk at stake, calibrating the frequency, scope and intensity of work accordingly. This considers the nature, scale and complexity of the entity, product or activity and their potential effects on investor protection, financial stability, and orderly markets. In this context, RBS differs from a rule-based approach which strives to check compliance with the entire regulatory framework regardless of the differences in risks that entities and industry dynamics can pose. Effective risk-based supervisors will devote higher supervisory intensity where it matters the most, while reducing unnecessary tasks. To this end, supervisors need to have the right methods to identify, assess, and prioritise risks, and ensure that firms, products and sectors with higher level of risk identified receive higher supervisory scrutiny, relative to lower ones. At the same time, supervisors need to ensure an appropriate level of supervisory coverage for all.

36. Driven by this ambition, ESMA has developed common principles on RBS designed to foster a supervisory framework that is consistent, proportionate, and effective across the Union, as well as across all areas where ESMA and NCAs have supervisory mandates. Yet, advancing effective RBS does not stop at the development of a common framework: it also calls for a strategic commitment to continuous development and concrete implementation across supervisory activities.

37. To pursue this objective, ESMA is working closely with NCAs to promote the effective implementation of the RBS principles across the Union and make them operational in practice. The first element of this work concentrates on strengthening NCA's individual risk-based methods and practices through the application of the principles and by promoting peer learning.

38. As a first step, NCAs self-assessed the alignment of their supervisory practices with the ESMA principles and identified potential improvements to bridge the gap. Several NCAs have, therefore, introduced targeted changes to their risk-based approaches. Concurrently, ESMA has been rolling out a training program to accompany NCAs along this way. ESMA is also fostering regular supervisory exchange on specific RBS elements and supervisory use cases to promote effective improvements based on the outcomes from the self-assessment, thereby supporting peer learning and high-quality approaches.

39. The second element of this work focuses on initiatives to foster the continuous development of sound risk-based approaches, including specific common methods to assess risks in given sectors/areas. ESMA has been developing common methodologies and principles at sector and risk level, based on specific needs, like for example the principles on third-party risks supervision (developed in June 2025) which provide a common supervisory approach to address the risks associated with the use of third-party services by supervised entities. ESMA is continuing to identify other areas needing a similar approach. ESMA has also started to apply the RBS principles across supervisory convergence initiatives and tools such as, for instance the 2026 Common Supervisory Actions (CSAs) and peer reviews.

40. Regarding ESMA's risk-based approach for entities for its own supervisory mandate, ESMA is aligned to the published principles and utilises similar models and methodology to focus supervisory resources where needed most. ESMA maintains a proportionate and targeted approach whereby it tailors supervisory engagement and reporting requirements to the nature, scale, complexity and risk profile of each entity, reducing unnecessary burden. ESMA prioritises the risks and potential harm that matter most, applies common priorities across mandates and measures its supervisory impact.

Next steps

41. ESMA achieved a first important milestone with the publication of the RBS principles[4] in January 2026. Going forward, advancing the implementation of RBS will remain an ongoing priority for ESMA, adapting to progress made and identifying cross-cutting or sectoral needs to further deepen supervisory approaches. As new mandates are being added, ESMA continues to identify more synergies across areas of supervision to support a more efficient and effective supervisory approach.

[4] https://www.esma.europa.eu/document/principles-risk-based-supervision

42. The work on risk-based supervision will support the core simplification objective of increasing the efficiency of supervision for EU financial market participants. This means that entities will be addressed with more targeted supervisory engagement according to their risk profiles, with a focus on efficiency and reaching high-quality supervisory outcomes, reducing unnecessary burden.

4 SBR work across various areas under ESMA's remit

43. The current legislative agenda is very heavy with more than a dozen of legal acts under ESMA remit being currently under discussion as part of the Markets Integration and Supervision Package (MISP). Some of the proposals are also intended to contribute to achieving the objectives of SBR.

44. To prioritise work effectively and reflect current and expected Level 1 developments, ESMA decided not to focus on all areas simultaneously, and instead categorised areas depending on where in the legislative review cycle different legal acts under ESMA's remit are. This has led to the development of three buckets of legislative files: (i) legislative files which were recently reviewed and where ESMA has ongoing of planned SBR work; (ii) recently reviewed files where ESMA is currently implementing requirements and has very limited way to do SBR work and (iii) remaining acts for which no SBR work is currently planned. An overview of the results of this assessment focusing on ESMA contribution to SBR across key regulatory mandates in 2025-2027 is included in Annex I to this report.

45. While currently ESMA has concentrated efforts on the first category, ESMA will address SBR aspects across Level 2 and Level 3 measures as the legislative calendar develops. While ESMA would like to progress on SBR across its whole remit, it is considered that SBR can be most efficiently addressed in connection with legislative changes in Level 1. Such an approach also avoids multiple changes for the market participants over a relatively short period of time, given upcoming changes in Level 1 could have significant impact on Levels 2 and Level 3 measures.

46. The following sections aim at portraying the main SBR contribution, grouped by sectors: Markets and Infrastructure, Issuers and Investors, and Investment Management. A full account of the SBR work for 2025-2027 can be found on the dedicated SBR page of the ESMA website[5] as well as in the 2025 Annual Report and the 2026[6] and 2027[7] annual work programmes.

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[5] https://www.esma.europa.eu/esmas-activities/simplification-and-burden-reduction
[6] https://www.esma.europa.eu/sites/default/files/2025-10/ESMA22-50751485-1604_Annual_Work_Programme_2026.pdf
[7] https://www.esma.europa.eu/sites/default/files/2026-09/ESMA22-50751485-1673_Annual_Work_Programme_2027.pdf

4.1 Markets and Infrastructure

4.1.1 MiFIR/MiFID II

47. Material reduction in regulatory administrative burden for firms has been initiated as part of the MiFIR review. In 2025 ESMA revised the RTS on transparency requirements for derivatives. The SBR principle was applied by consolidating all derivative-related amendments into one review, setting a single application date across RTSs, removing transparency reporting to ESMA and using static thresholds, which do not require annual updating, and streamlining post-trade data.

48. ESMA has also revised the RTS on equity transparency and the volume cap which provided for the discontinuation of the reporting of transparency data for trading venues and the use of transaction data reported to NCAs/ESMA instead. Furthermore, voluntary quarterly Systematic Internaliser calculations were discontinued. ESMA has also streamlined Level 3 guidance in its updated Manual on Transparency.

49. In 2026 ESMA has continued to address market structure matters by a review and streamlining of Level 3 measures on commodity markets and review and repeal of Q&As on market structure.

50. Furthermore, ESMA aims at launching in 2027/2028, a review of RTSs that were not amended after the MiFIR/MiFID II review. Future legislative proposals resulting from MISP will be considered when reviewing these RTSs to identify potential for simplification.

4.1.2 Markets in Crypto Assets (MICA) Regulation

51. ESMA will contribute to the review launched in 2026 by the European Commission to make proposals to simplify and reduce the burden for firms, NCAs and ESMA in areas such as crypto asset services provider's capital requirements, white papers, frequency of ESMA's periodic public reports, etc. The Commission consultation will also bring an opportunity to assess the effectiveness of L2 and L3 measures that ESMA was mandated to issue under MiCA.

52. Following the end of the MiCA transitional period and start of the supervisory implementation at national level, ESMA anticipates that NCAs will need periodic information from CASPs to be able to adopt a risk-based approach to supervision. Since very few NCAs have so far established supervisory periodic reporting obligations at national level, ESMA has identified an opportunity to provide guidance in order to streamline CASPs reporting to NCAs, so that it is implemented in a harmonised and proportionate manner. The work is expected to be finalised in 2027.

4.1.3 Distributed Ledger Technology - Pilot regime

53. In 2025, ESMA revamped the arrangements for NCAs reporting under the Distributed Ledger Technology (DLT) Pilot. NCAs are following a streamlined process in which reporting entities send data directly to ESMA (while maintaining access to data from their own supervised entities). This will also allow ESMA to produce aggregated reports on the EU market for DLT financial instruments more efficiently and without asking for additional reporting.

4.1.4 EMIR and CCPRRR

54. In 2025, aiming at simplification and burden reduction while limiting implementation changes under EMIR 3, ESMA conducted a major streamlining of the Active Account Requirement in the RTS and consulted on a new clearing threshold.
55. ESMA will in 2026 review the RTS and Guidelines on resolution colleges and resolution plans to simplify and refocus resolution planning, while improving the effectiveness of cooperation and coordination among authorities.

4.1.5 Central Securities Depositories Regulation

56. In 2025 ESMA consulted on a new RTS on Settlement Discipline, aiming at simplification and burden reduction, while introducing requirements related to the EU move to T+1 with a phased approach. The new requirements contribute to simplification through standardisation of the protocols and enabling automatization of the settlement process.

4.2 Investors and Issuers

57. The framework related to the issuance of securities, listing obligations and reporting requirements in the EU is complex with different legal acts which have been put in place (Listing Act, Transparency Directive, Prospectus framework, Market Abuse regime) and have evolved over time to cover new aspects, such as in the area of sustainability and digitalisation. Adjustments to simplify these areas imply careful calibration given different objectives in primary legislation are not necessarily fully aligned. Other areas like benchmarks and securitisation are new and subject to review.

4.2.1 Prospectus Regulation

58. Following the delivery of technical mandates in 2025, ESMA continued efforts throughout 2026 to streamline the prospectus framework, simplify requirements, and enhance supervisory convergence. The emphasis was placed on, reducing the burden for issuers. This included the publication of two statements clarifying amendments introduced by the Listing Act and the update of the RTS on key financial information in the summary of a prospectus that support more proportionate information requirements.

59. A comprehensive review of the Guidelines on prospectus disclosure conducted with the aim to align the document with the new requirements resulted in 30% reduction in the content of the Guidelines. ESMA has undertaken a review of the Prospectus Q&As, bringing down the overall number of Q&As in this area, and thereby contributing to streamlining the overall guidance. Finally, ESMA plans further simplifications in relation to its risk factors guidelines.

4.2.2 Market Abuse Regulation (MAR)

60. In 2025, ESMA delivered a Technical Advice to support the Listing Act's objective of enhancing EU companies' access to public capital markets and strengthening market integrity. The advice, which identified key moments for public disclosure within protracted processes and clarified situations where delays in disclosure are not permitted, aimed at contributing to the broader simplification agenda by providing a more harmonised framework across Member States. Similarly, the final report and revised ITS extended the alleviated format for insider lists, supporting a more proportionate and less burdensome regime for issuers.

61. In 2026 ESMA reviewed the RTS on buy-back programmes to ensure consistency with MAR, as amended by the Listing Act. In parallel, with a view to reduce burden on issuers conducting buyback programmes, ESMA has also proposed to streamline reporting requirements by specifying in the RTS that reporting to the NCA of the Most Relevant Market in Terms of Liquidity should only be conducted in an aggregated form.

62. In 2027, ESMA will review the MAR Guidelines on the delay in the disclosure of inside information and make them compatible with the new regime. Plans for 2027 also include a revision of Level 3 measures such as Q&As.

4.2.3 Sustainability disclosures and reporting

63. As part of a proportionate recalibration of the sustainability reporting framework taking place to maintain efficient financing of the EU's transition to a sustainable real economy, in 2026, ESMA has contributed to the overall simplification project run by EFRAG by providing its opinion on the revised European Sustainability Reporting Standards (ESRS). Furthermore, ESMA issued a new supervisory statement aimed to recalibrate

the supervisory effort in line with the decrease in scope of the review of the Corporate Sustainability Reporting Directive.

64. Before the end of 2026, ESMA will provide technical advice to the Commission on simplification of the taxonomy disclosures as required by the Disclosure Delegated Act complementing the Taxonomy Regulation. While the EU Taxonomy has been effective in channelling capital to sustainable investments, the reporting is still too complex. In line with the Commission's call for advice, the focus of ESMA's technical advice will be on targeted simplification proposals in relation to the operational expenditure KPI and reduction of other sources of undue burden stemming from this reporting regime.

65. Pending the outcome of the Level 1 negotiations on the Sustainable Finance Disclosure Regulation (SFDR), ESMA, together with the EBA and EIOPA, will start preparing for potential technical input on the consumer testing and (if requested by the Commission) a technical advice on the elements of the product categories and disclosures. The consumer testing is likely to be carried out in 2027 with the development of the technical advice. To support the transition to the new SFDR framework, a revision of the existing Q&As will also be needed to address the phasing out of the existing disclosures. Finally, subject to the co-legislators' agreement on the final text, the ESAs may work on a de-prioritisation statement for the entity-level disclosures under Article 4 of the SFDR.

4.2.4 Transparency Directive

66. The Transparency Directive covers important reporting requirements for issuers. By mid-2027, ESMA will review the European Single Electronic Format (ESEF) regime, with the purpose to revise the tagging rules to balance the burden for issuers when digitalising their reports with the usability/benefits for users of this information.

67. ESMA will also undertake work to digitalise sustainability reporting and ease the block tagging of the notes to the financial statements. As regards sustainability reporting, SBR will be embedded through a reduction of data points stemming from the revised ESRS and the adjusted scope of companies from the revised CSRD. The revision of text block elements in the IFRS taxonomy together with ESMA's work on usability of ESEF data will also lead to simplifying the proposals made in the December 2024 Consultation Paper in relation to block tagging the notes to the financial statements.

68. In addition, aiming at reducing the administrative burden for issuers, ESMA will also conduct a review of the ESMA standard Form for notification aiming at reducing the administrative burden for issuers.

4.2.5 European Single Access Point (ESAP)

69. The introduction of the ESAP should offer a single access point for public financial and sustainability-related information about EU companies and EU investment products, to

provide more visibility and in the end facilitate financing. Its delivery was planned by the co-legislators in phases from 2026 to 2030.

70. While the first phase of the ESAP was partially delivered in July 2026, ESMA has assessed the usefulness to investors and other users of some dataflows depending on their collection by the NCAs and timing of legislative reviews with impact on disclosure/reporting requirements.

71. Efforts needed to implement phase 2 of ESAP could be significantly lowered if the date of the ESAP publication is modified for the legislative frameworks currently under review, to avoid duplicating the work to implement the same regime twice in a short amount of time. The SFDR proposal already includes an amended timeline for the submission of information to ESAP. ESMA proposed to avoid double implementation cost over a short period of time and requested the co-legislators to consider incorporating a delayed implementation of ESAP also for PRIIPs and PEPP KIDs.

4.2.6 Benchmarks Regulation (BMR)

72. In 2025, ESMA issued a Common Supervisory Action on ESG disclosures under the Benchmarks Regulation, assessing compliance with disclosure requirements, fostering consistent and effective supervision across the EU, as well as identifying good practices and clarifying expectations to enhance the availability and comparability of the ESG information for users of benchmarks. The final report provided recommendations to the Commission to amend BMR Level 2 measures to streamline the ESG disclosure requirements and reduce the burden on benchmark administrators.

73. The amended Benchmarks Regulation is expected to remove approximately 90% of existing benchmarks administrators from its scope, thus reducing regulatory burden. Once the scope of the Regulation is finalised, ESMA will update its existing Q&As and Guidelines to align them with the scope of the new Regulation and its SBR objectives on simplification and burden reduction. This work will further reduce regulatory burden and is expected to take place in Q4 2026 and Q1 2027.

4.2.7 Securitisation Regulation (SECR)

74. In 2025 ESMA provided a proposal for a proportionate disclosure template for all private securitisations, aimed at reducing reporting complexity and better reflecting the bilateral nature of such transactions. While ESMA considers it appropriate to defer any amendments to the disclosure technical standards until the main concepts under Level 1 have been sufficiently clarified, the analytical work conducted remains valuable input to support a more proportionate and coherent disclosure regime for private securitisations in the future.

4.3 Investment Management

4.3.1 Money Market Funds Regulation (MMFR)

75. ESMA will simplify the procedure to updating parameters for MMF stress testing scenarios, so that the corresponding annual update of the Guidelines on MMF stress tests will be replaced with a simple update of a dedicated ESMA webpage where the parameters would be located. The proposed approach aims to simplify the process and improve accessibility, by allowing market participants to apply updated parameters immediately after approval and reduce compliance and supervisory burden. This work was initiated with a public consultation launched in May 2026 and is expected to be finalised by the end of 2026.

4.3.2 AIFM Directive (AIFMD) and UCITS Regulation

76. In 2025 ESMA delivered the implementing rules on Liquidity Management Tools for funds and draft RTS on loan originating funds following a principle-based approach taking into account burden reduction objectives. Furthermore, the published Data Quality Engagement Frameworks for MMF and AIFMD data, improved data quality while contributing to reducing reporting burden for firms and NCAs through increased transparency and application of risk-based supervision aiming at identifying the most impactful issues.

77. In addition, in 2026 ESMA will review existing Q&As, among others to remove any outdated Q&A following the AIFMD review. It is expected that the number of Q&As will decrease.

4.3.3 PRIIPs Regulation

78. In cooperation with EBA and EIOPA, ESMA has begun working on a mandate to ensure that PRIIPs KID is streamlined, with a new format to allow for comparability, and leading to simplified cost disclosure. The substantial revisions to the PRIIPs Delegated Regulation require consumer testing and will be subject to a public consultation in H1 2027. The expected areas or sections of the KID directly affected by the revisions to the PRIIPs Regulation include the new “Product at a glance” section, information on performance (i.e. performance scenario and past performance) and the rules for multi-option products (MOPs).

79. Material changes are also expected (i) in the costs section of the KID, including in the “composition of costs” table; (ii) in the performance section of the KID of funds; and (iii) in relation to issues that have arisen during the application of the existing requirements. The aim is to make the KID simpler and more easily understood by retail investors and assess whether the burden on PRIIP manufacturers to prepare the KID can be reduced, e.g. whether certain calculation methodologies can be simplified.

Annex I – Overview of approach to simplification of key ESMA regulatory mandates in 2025-2027

Legal Act	Phase in the review cycle		Monitor	Mandate	Own initiative	Other
	Recent reviews	Upcoming / ongoing reviews	Level 1	Level2/ Level3	Level2 / Level3	
Acts under ESMA remit for which specific SBR workstream is foreseen in 2025-2027						
MiFID II	Review 2024	RIS + MISP	✓	✓	✓	
MiFIR	Review 2024	MISP	✓		✓	
SFTR			✓			
MiCA		MICA review			✓	✓
DLT Pilot		MISP				✓
EMIR	EMIR 3	SIU	✓	✓		✓
CCPRRR		CCPRRR Review			✓	✓
CSDR	Review 2024	MISP		✓	✓	✓
Prospectus Regulation	Listing Act				✓	✓
MAR / SSR	Listing Act			✓	✓	
SFDR		SFDR Review	✓			✓
Taxonomy Regulation	SF Omnibus			✓		
CSRD / ESRS	SF Omnibus					✓
Transparency Directive					✓	
ESAP Regulation	Ongoing Impl.					✓
Benchmark Regulation	Review 2025					✓
SECR		SECR Review			✓	
MMF Regulation					✓	
AIFMD / UCITSD	Review 2024	RIS + MISP		✓		✓
IFR/IFD		EBA/ESMA Advice to EC	✓			
PRIIPs		RIS		✓		

Annex II - Abbreviations of the legislations

AIFMD	Alternative Investment Fund Managers Directive
BMR	Benchmarks Regulation
CCP RRR	CCP Recovery and Resolution Regulation
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CSDR	Central Securities Depositories Regulation
CSRD	Corporate sustainability Reporting Directive
DLTR	Regulation on Distributed Ledger Technology Pilot Regime
DORA	Digital Operational Resilience Act
EMIR	European market infrastructure regulation
ESAP	European Single Access Point
ESRS	European Sustainability Reporting Standards
IFD/IFR	Investment Firms Directive/Investment Firms Regulation
MAR	Market Abuse Regulation
MiCA	Markets in Crypto Assets Regulation
MiFID	Markets in Financial Instruments Directive
MiFIR	Markets in Financial Instruments Regulation
MMFR	Money Market Funds Regulation
PEPPs	Pan-European Personal Pension Products Regulation
PRIIPs	Packaged Retail and Insurance-based Investment Products Regulation
SECR	Securitisation Regulation
SFDR	Sustainable Finance Disclosure Regulation
SFTR	Securities Financing Transactions Regulation
SSR	Short Selling Regulation
UCITS	Undertakings for Collective Investment in Transferrable Securities Regulation