

**From commitment to delivery: Advancing financial market simplification in Europe**

We welcome the EU Commission's (EC) priority and consequential Omnibus proposals to simplify rules and reduce administrative burdens, aiming at strengthening the European competitiveness.<sup>1</sup> The European Commission, the European Parliament and the Council of the European Union committed in their joint declaration of 23 April 2026 *One Europe, One Market Roadmap*<sup>2</sup> to a **structural reduction of regulatory complexity and administrative burdens**, identifying the simplification of rules as a core political priority.

In this context, **we call for a simplification of EU financial market regulation**, which could be **addressed through either a dedicated Financial Market Omnibus or within the Market Integration and Supervision Package**. We therefore support the Council Conclusions of 12 December 2025<sup>3</sup>, which call on the EC to "*swiftly put forward ambitious simplification packages for the Union's financial services regulation, as part of a comprehensive and ambitious plan for reviewing, simplifying and, where relevant, repealing the existing financial services legislative acts*".

As a first step, we propose 3 targeted technical amendments to simplify Level 1 financial market regulation. These would rapidly and visibly reduce burdens and costs for non-financial energy firms and ensure that financial market regulation supports Europe's competitiveness and its energy transition.

1. **Extension of mandatory delegated reporting under EMIR and SFTR,**
2. **Streamlining the process of intragroup reporting exemption under EMIR, and**
3. **Legal certainty for joint venture and hedging structures for renewable energy projects**

We therefore encourage the European Commission, the European Parliament and the Council to take swift action. These targeted amendments could be implemented either through a dedicated Financial Markets Omnibus or, in the near term, be integrated into the ongoing Market Integration and Supervision Package (MISP), where key financial market regulations are currently open for specific review.

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<sup>1</sup> See under following [Link](#)

<sup>2</sup> See under following [Link](#)

<sup>3</sup> [Conclusions on simplifying the Union's financial services regulation – Council Conclusions \(12 December 2025\)](#)

## **Details on quick wins for immediate simplification and burden reduction**

The following three measures represent high-impact, low-complexity reforms that are particularly well-suited for inclusion in an initial Financial Market Omnibus package:

### **1. Mandatory delegated reporting**

The current reporting model under financial market regulation (EMIR, MiFIR, SFTR) requires both counterparties to a transaction to report that transaction to a trade repository or approved reporting mechanism (dual-sided reporting). Therefore, non-financial energy firms face complex and costly dual sided EMIR reporting duties, even where they delegate reporting, as they remain responsible for data delivery to the reporting party, data quality and reconciliations<sup>4</sup>. We echo ESMA's feedback in their interim report<sup>5</sup> that *“Almost all respondents consider review of dual-sided reporting a major cost-saving opportunity, reducing operational overhead and aligning the EU with other international standards.”*<sup>6</sup>

We therefore recommend, in line with ESMA's considerations in their interim report, a shift to a mandatory delegated reporting. This delegated reporting regime shall provide that only the more sophisticated counterparty (financial counterparty, trading venue, CCP) has the responsibility and liability to report, leading to an elimination of any reporting reconciliation obligation for the non-reporting entity. In cases where transactions occur between non-financial firms, the reporting party should be agreed bilaterally<sup>7</sup>. This would reduce the number of reports and simplify processes and therefore increase data quality, reduce reporting costs and administrative workload and align with global standards.

#### **Benefit of mandatory delegated reporting:**

- **Substantial administrative burden and cost reduction due to elimination of transaction reporting reconciliation duties**
- **Clear accountability for data quality**
- **Improved consistency and usability of supervisory data**
- **Alignment with global standards**

<sup>4</sup> ESMA explains in its Interim Report on the Call for Evidence on a comprehensive approach for the simplification of financial transaction reporting (“Interim Report”), nr. 194 ([link](#)): *“Stakeholders identify reconciliation as the main cost driver of dual-sided reporting, due to the effort needed to match submissions, resolve breaks, and manage systems and staffing, burdens that fall disproportionately on smaller firms. Exchanging UTIs and coordinating pre-report data add further complexity, while IT costs remain significant despite expectations of gradual decline.”*

<sup>5</sup> ESMA Interim Report On the Call for Evidence on a comprehensive approach for the simplification of financial transaction reporting ([link](#))

<sup>6</sup> ESMA Interim Report, Nr. 195 ([link](#))

<sup>7</sup> As an example, CFTC Part 45 reporting introduces such a waterfall principle of who is the responsible reporting counterparty (§ 45.8, [link](#))

## 2. Streamlining the process of intragroup reporting exemption under EMIR

Non-financial firms face various administrative burdens and costs due to the existing notification procedure for obtaining an exemption from reporting intra-group transactions under Article 9 of EMIR. As is stands, the process is quite demanding as corporate groups with subsidiaries in several EU Member States must deal with multiple national competent authorities (NCAs) as they need to obtain approvals from each NCA. Therefore, these groups face diverging administrative practices and conditions, timelines and fees. Hence, it requires for each entity pair and each NCA substantial time and resources for the preparation, submission, follow-up of the necessary documentation and communication with each concerned NCA. In general, this seems not feasible for groups with dozens or more entities located in different EU jurisdictions.

**Given these challenges, we urge to streamline this intragroup reporting exemption procedure. We therefore propose to significantly streamline the intragroup reporting exemption framework in EMIR 3 for non-financial firms.** Specifically, multiple notifications to national competent authorities (NCAs) across the EU should be replaced by a single, standardised central notification, submitted either to ESMA or the relevant national “home” regulator. In addition, parent undertakings should be able to submit a consolidated list of EU and non-EU subsidiaries covered by the exemption, which can be shared with the relevant authorities. The framework should further enable the use of the exemption from day one, subject to ongoing supervisory oversight and compliance with existing EMIR obligations. This streamlined approach is justified as intragroup derivatives of non-financial groups are primarily used for centralised hedging and internal treasury risk management. They do not create new external market or credit risks.; they only allocate and manage group-wide risks internally.<sup>8</sup>

### **Benefit of a streamlined intragroup reporting exemption process:**

- **Significant reduction in administrative and compliance burden through the elimination of duplicate notifications and approvals**
- **Alignment with more efficient international practices<sup>9</sup>**
- **More proportionate and risk-sensitive treatment of low-risk intragroup transactions**
- **“Clearing up” transaction reporting data for the regulatory authorities, allowing them to focus on market-facing derivative contracts**

<sup>8</sup> For NFC+ groups above the clearing threshold, EMIR 3 already provides an additional transparency mechanism: where an NFC benefits from the intragroup exemption and meets the clearing-threshold conditions, its Union parent undertaking must report weekly net aggregate positions by class of derivatives to its competent authority, which then shares the information with ESMA and the relevant NCA.

<sup>9</sup> E.g., in the US according to CFTC Letter No. 13-09 (No-Action Relief, [link](#)), the reporting counterparty must only make all such records available promptly upon request

### 3. Legal certainty for energy transition hedging structures

The EU's energy transition projects increasingly rely on joint venture structures and long-term hedging transactions to secure the project financing. Renewable-energy projects are often set up as joint-venture-owned special purpose vehicles that hold the project assets, permits and contracts, and project finance is based mainly on the joint venture's standalone cash flows. These joint ventures must usually hedge interest-rate, currency and commodity risks to obtain bankable financing. Cash-settled Power Purchase Agreements (known as virtual PPAs, "vPPAs"), e.g. a financial swap between an energy market participant and a renewable energy producer aiming to hedge the latter's commodity market (power price) risks, are used as means of investment financing since they secure the renewable energy producer a fixed margin for its produced power quantities which is a material condition for a credit institution financing the project.<sup>10</sup> However, current financial-market regulation, in particular the current hedging exemption and group definitions, do not sufficiently reflect the economic reality of these arrangements, creating legal uncertainty and unintended regulatory burdens.

First, uncertainty around the treatment of vPPAs under EMIR Hedging exemption<sup>11</sup> risks discouraging their use, despite their central role in renewable energy financing.<sup>12</sup> The current criteria for defining hedging, combined with the relatively low clearing threshold of 4bn EUR for commodities, prevent energy market participants from offering vPPAs. Energy firms cannot offer virtual PPAs as this would quickly consume the offering energy firms' EMIR clearing threshold as these often are not a hedge for these firms. Hence, a clear legal treatment under EMIR Level 1 by excluding vPPAs from counting against the clearing threshold would restore certainty and align regulation with policy objectives.

Second, existing group definitions for hedging purposes do not adequately capture modern ownership structures, particularly joint ventures consolidated "at equity". Article 10(3) EMIR and Article 10 of Delegated Regulation (EU) 149/2013 apply the EMIR hedging definition to entities "within the group". There exists an uncertainty over which entities qualify as "within the group" for hedging purposes. Ambiguity exists on whether joint ventures or entities consolidated at equity under IFRS or local GAAP (e.g. German HGB) are part of the "group." ESMA's clarification (OTC Q&A 3(d)) indicates that entities not fully consolidated are not considered as belonging to a group but leaves interpretation open. Therefore, a targeted clarification that such joint ventures are part of the group, limited

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<sup>10</sup>The Frontier Economics EMIR Study ([link](#)) underscores the importance of vPPAs in meeting EU Green Deal and energy transition objectives and highlights that the current hedging exemption is not fit-for-purpose in the context of such arrangements.

<sup>11</sup> Non-financial firms benefit under Article 10 (3) of EMIR from an exemption for those OTC derivative contracts reducing risks directly relating to the commercial activity or treasury financing activity of the non-financial firm or of its group (the so-called 'hedging exemption').

<sup>12</sup> A concern widely shared by market participants, see ESMA, Final Report on the draft technical standards amending Regulation (EU) 149/2013 to further detail the new EMIR clearing thresholds regime, Nr. 24 and 129 – 132 ([link](#))

strictly to hedging activities, would allow all participants in such projects to manage commercial risks effectively and consistently with accounting realities.

**Benefit of legal certainty for energy transition hedging structures:**

- **Strengthened investment framework for renewable energy**
- **Improved legal certainty for long-term hedging**
- **Financial regulation aligned with modern corporate and financing structures**
- **Improving competitiveness vis-à-vis other jurisdictions**