

## Market Watch 82

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### Overview

In Market Watch 82, the FCA outlines recent findings from its supervision of the UK MiFID transaction reporting regime, focusing on remedial timelines, back reporting, and breach notifications. These observations aim to help firms improve processes without adding extra regulatory burden.

### Transaction Reporting

Firms should have mature, efficient processes to identify, fix, and disclose reporting issues promptly. The FCA has found persistent inefficiencies, indicating that some firms need to improve their operational frameworks.

#### 1. Remedial Timelines

Firms must fix errors or deficiencies in transaction reporting. The FCA assesses remedial timelines case-by-case but expects proactivity and transparency from firms.

Delays in remediation are often caused by:

- **Internal processes** - siloed teams, fragmented ownership, slow approvals.
- **Resourcing** - insufficient resources and competing priorities.
- **Difficulty tackling the root cause** – focus on treating symptoms rather than root causes.
- **Compliance culture** - reactive compliance culture.
- **Governance** - weak governance and accountability.

#### 2. Back Reporting

Back reporting is correcting past inaccurate/incomplete reports is critical for FCA's market abuse detection. Delays in back reporting undermine data trust and potentially limit our ability to detect and investigate market abuse

Common causes of delayed back reporting:

- If a fix is deployed but historical errors are left uncorrected this creates ineffective compliance oversight.
- Poor governance leads to a failure to prioritise risk-based corrections.
- Inaccessible historic data due to migration/archiving errors.
- Back reporting disrupting the BAU processes.

### 3. Breach Notifications

Notifications should clearly explain the issue, root cause, scope, period, weaknesses, and remediation plans.

The FCA's Q1 2025 review of 241 notifications found:

- Clear issue descriptions: 83%
- Clear root causes: 76% (should link to process/control failures, not just human error)
- Exact impacted transaction volumes: 85%
- Precise periods: 74%
- Back reporting timelines: 76%
- Clear systems/controls weaknesses: 66%
- Clear remediation plans: 75%
- Governance awareness specified: 80%

The FCA has added a quality flag to track notification standards.

### Summary

Firms must strengthen governance, resource allocation, and data management for transaction reporting, ensuring timely remediation, efficient back reporting, and high-quality breach notifications.