

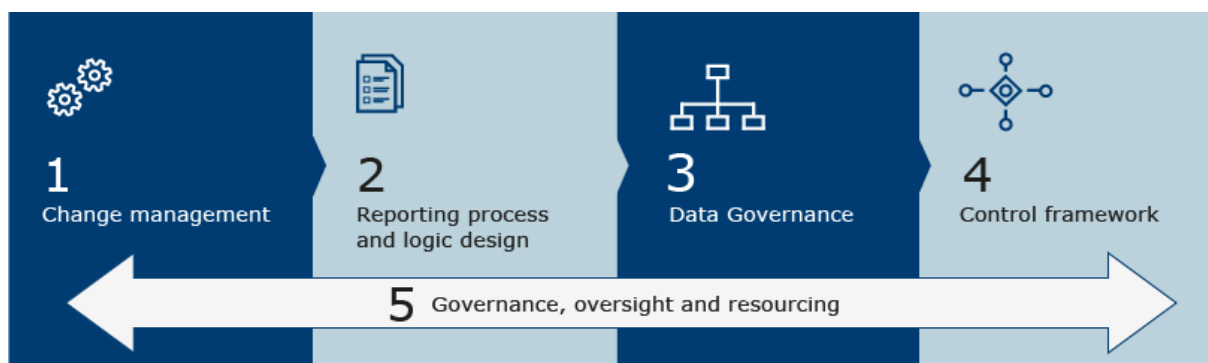
Market Watch 81

FCA Market Watch 81: Enhancing Transaction Reporting Standards under MiFID II

Market Watch 81 focuses on transaction reporting quality issues observed by the FCA under the UK's MiFID II regulatory framework. Despite improvements since 2018, the FCA highlights critical areas where firms continue to face challenges, specifically around data quality, control frameworks, change management, and governance.

Key Issues and Observations

1. **Governance and Oversight Deficiencies**
Many firms exhibit weak governance over transaction reporting, leading to inconsistent or inaccurate data. Effective governance should encompass end-to-end transaction reporting processes, with senior management accountable for oversight. Common issues include:
 - Insufficient governance frameworks
 - Lack of comprehensive data oversight
 - Limited senior management accountability
2. **Data Control and Governance Weaknesses**
Data quality remains a key challenge, often due to inadequate control frameworks. Errors in data mapping and inaccurate client data are prevalent, along with a failure to reconcile discrepancies regularly. Firms are encouraged to:
 - Implement robust control frameworks
 - Conduct regular reconciliations to ensure data integrity
 - Improve data mapping processes
3. **Change Management Gaps**
The FCA links several reporting errors to poor change management. Firms frequently make system updates without adequate checks, leading to inconsistencies in reporting. Best practices include:
 - Thorough testing of system updates
 - Rigorous oversight when implementing regulatory changes
 - Ensuring consistent reporting practices



Source: "Market Watch 81," Financial Conduct Authority, accessed at [FCA Market Watch 81](#).

Compliance Expectations and Recommendations

The FCA expects firms to take the following steps to improve reporting accuracy and data quality:

- Strengthen Governance: Firms should develop robust governance structures to manage reporting effectively, including direct oversight from senior management.
- Enhance Data Quality Controls: Regularly reconcile and validate data to prevent errors, with clear data governance policies in place.
- Implement Effective Change Management: Ensure that all system updates and regulatory changes are well-tested and aligned with reporting requirements.

By addressing these areas, firms can meet MiFID II standards and reduce reporting risks.

For detailed analysis and examples, refer to the full [Market Watch 81 publication](#).