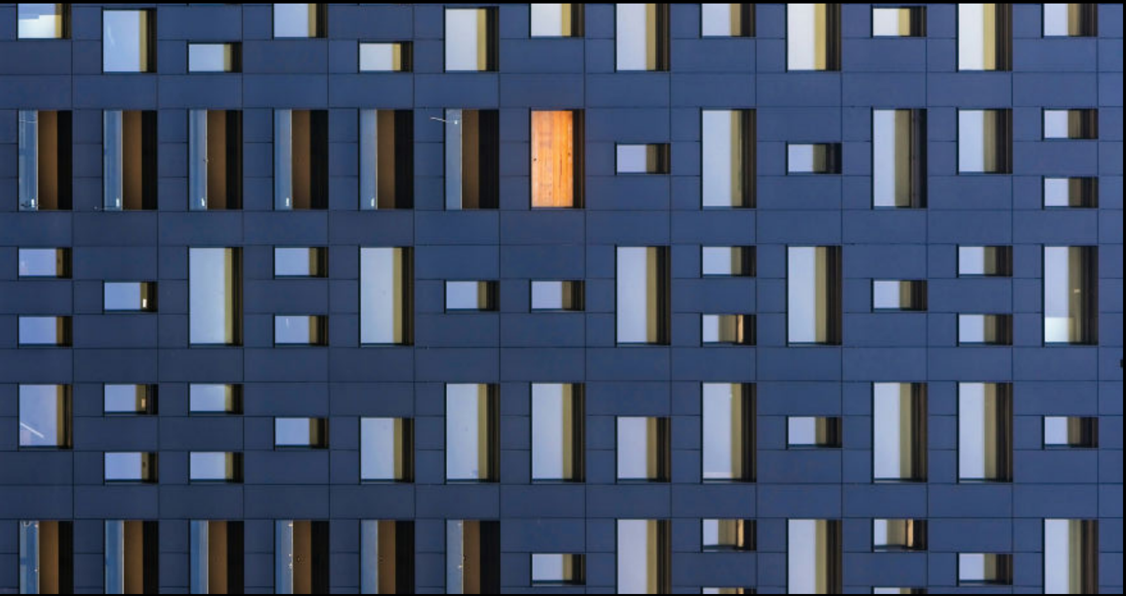
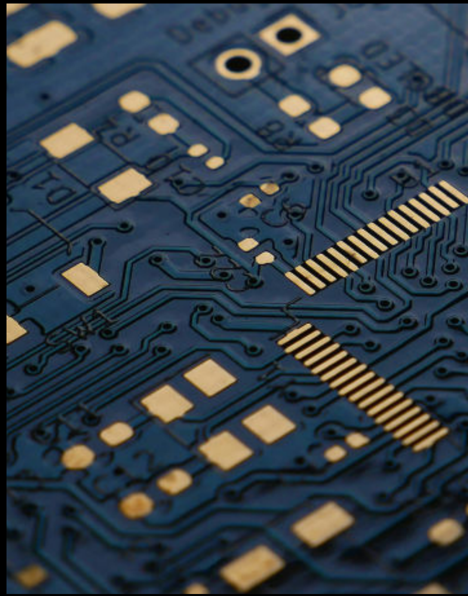
Cappitech

S&P Global
Market Intelligence

State of the industry

Transformation in Regulatory Reporting Practices





Global Regulatory Reporting in 2026

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Lexicon

EMIR	European Market Infrastructure Regulation
MiFID	Markets in Financial Instruments Directive
MAS	Monetary Authority of Singapore
ASIC	Australian Securities and Investments Commission
CFTC	Commodity Futures Trading Commission
JFSA	Japan Financial Services Agency
SFTR	Securities Financing Transactions Regulation
SEC	Securities and Exchange Commission
ESMA	European Securities and Markets Authority
UTI	Unique Transaction Identifier
UPI	Unique Product Identifier
UAT	User acceptance testing
LEI	Legal Entity Identifier
ACK	Acknowledgement rate (refers to the rate at which submitted reports are acknowledged as received and processed by the regulator)
DDRJ	Depository Trust & Clearing Corporation (DTCC) Data Repository (Japan) KK
APAC	Asia Pacific
NOA	North America
EMEA	Europe, Middle East and Africa
CSA	Canadian Securities Administrators

The regulatory reporting gap: **Too many manual processes and not enough resources or automation**

With no major compliance deadlines on the immediate horizon, 2026 represents the first real opportunity in nearly a decade for the industry to address long-standing structural weaknesses. As the regulatory reporting ecosystem stabilizes after years of refits and rewrites across Europe, North America, and APAC, firms are now at a critical inflection point.

At S&P Global Market Intelligence, Cappitech, we regularly gather data to better understand where clients are performing well and where they are falling behind. With this information we have a great sense of how market participants are managing their regulatory reporting needs today, and what their plans are for tomorrow. Our 2025 State of the Industry survey has identified one theme that should be a key focus of 2026.

Manual processes, low automation, and a shortage of regulatory expertise, all identified as key challenges, are not isolated problems.

They are tightly interconnected, with each one reinforcing the weaknesses of the others. On the upside, however, solutions for one can have a similarly compounding positive effect on the rest.

We'll explore this macro view, and dive deeper into the specifics of the regulatory reporting landscape in this report.

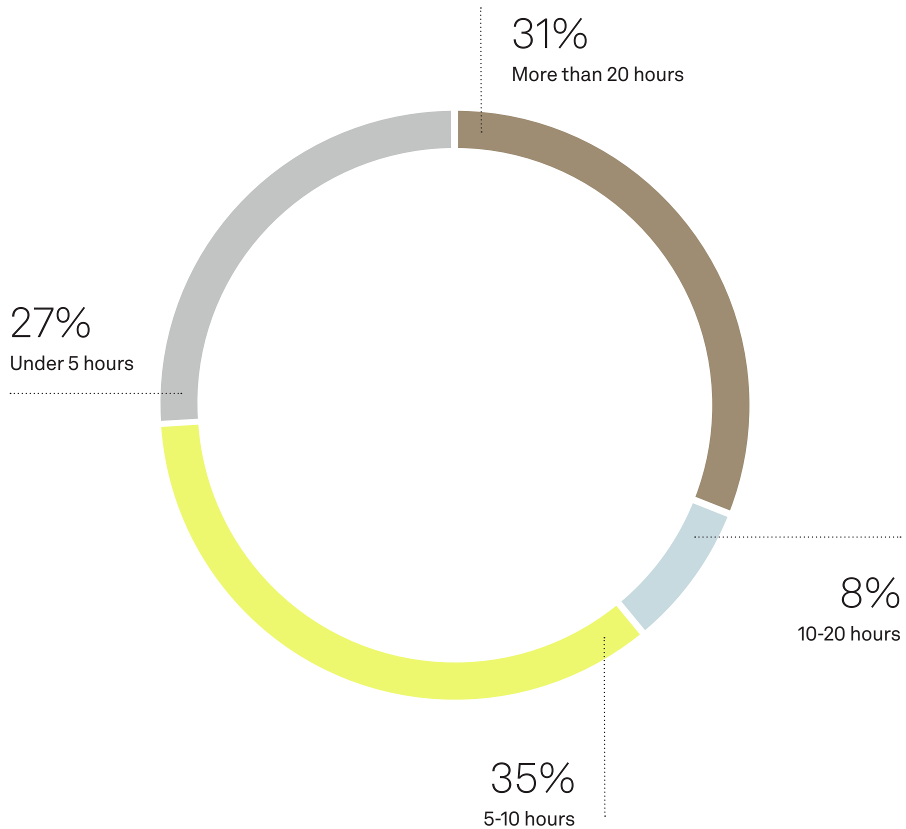
Manual processes remain deeply embedded, and fundamentally unsustainable

At first glance, it seems clear that for the bulk of the market, time spent on reconciliation processes is relatively low, which could and should be viewed as a positive. But the story is, inevitably, more complex. When you compare the time spent to exception volumes, what we see is a more nuanced narrative.

_60% of firms spend fewer than 10 hours a week on reconciliation and data quality

_30.8% spend more than 20 hours

Q. How many hours per week does your team spend on reconciliation and data quality checks?



Source: S&P Global Market Intelligence Cappitech Global Regulatory Reporting Survey 2025.

Manual processes remain deeply embedded, and fundamentally unsustainable /continued

For many firms, managing few exceptions, and the corresponding low amount of time spent suggests things are working well. But with over 30% of the market spending more than 20 hours per week on this, and 40% dealing with multiple exceptions per day, notable challenges remain to be solved.

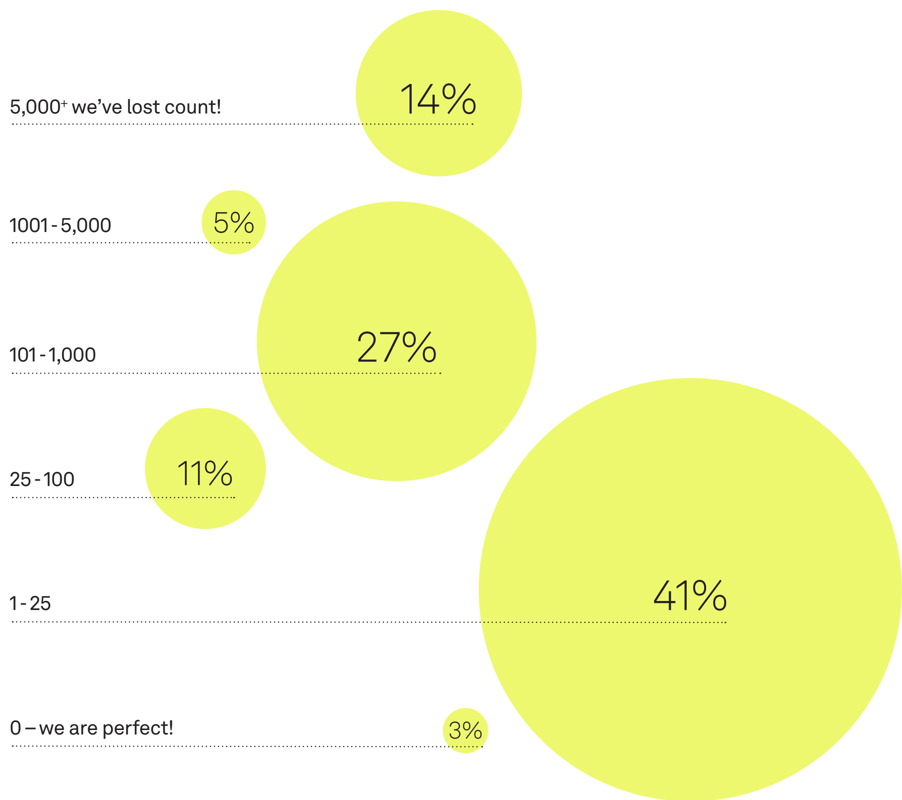
Another factor is that some firms may be spending little time on reconciliation, not necessarily because they have no breaks to manage, but because they lack the capacity, tools, or expertise to do so.

_41% of firms see 1–25 exceptions per day

_27% manage 101–1,000

_14% deal with 5,000+ exceptions per day

Q. How many reconciliation exceptions do you deal with daily?



Source: S&P Global Market Intelligence Cappitech Global Regulatory Reporting Survey 2025.

Manual processes remain deeply embedded, and fundamentally unsustainable /continued

Manual workflows create bottlenecks, slow processes and introduce additional room for human error. The lack of automation makes scaling nearly impossible, which is a particular problem as volumes of exceptions continue to increase and assigned resources can't keep up.

A lack of expertise and resources means teams are constantly firefighting and triaging issues, with little or no capacity to step back, assess the strategic big picture, address root causes effectively, or prevent problems from recurring.

_61% cite high manual workload

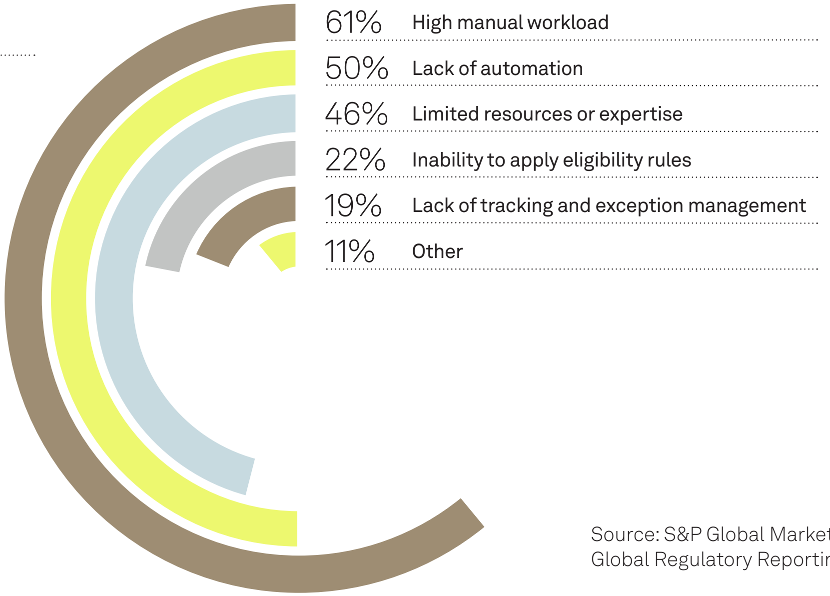
_50% cite lack of automation

_46% cite limited resources/expertise

Although mentioned less frequently, firms also highlight that reconciliation challenges stem from an inability to apply eligibility rules effectively, alongside insufficient tracking and exception management. In practice, these issues are largely driven by a lack of expertise and resources, poor automation, and heavy reliance on manual processes. These challenges are further compounded as volumes continue to rise, with firms now required to report across an increasing number of regulatory regimes.

Q. What challenges do you face in your reconciliation processes?

(Please select all that apply)



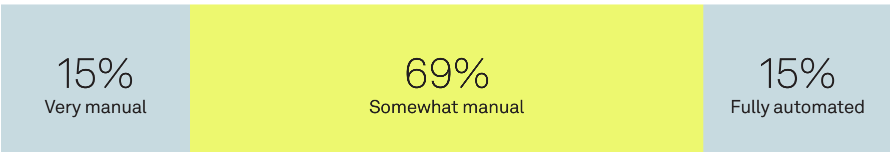
Source: S&P Global Market Intelligence Cappitech Global Regulatory Reporting Survey 2025.

Automation gaps both cause and amplify the problem, but are an essential part of the solution

Across all feedback from market participants, one message has been consistent: a lack of automation drives poor reporting outcomes, and improving automation is the most clear and effective way to address this.

Only 15% of firms have fully automated their regulatory operations, while the remainder identify a lack of automation as a key challenge. Encouragingly, 70% of firms are already using, or plan to use third-party automation or software for reconciliation and data quality management, indicating a market-wide shift toward more systematic automation.

Q. How manual are your processes for managing your regulatory operations functions?

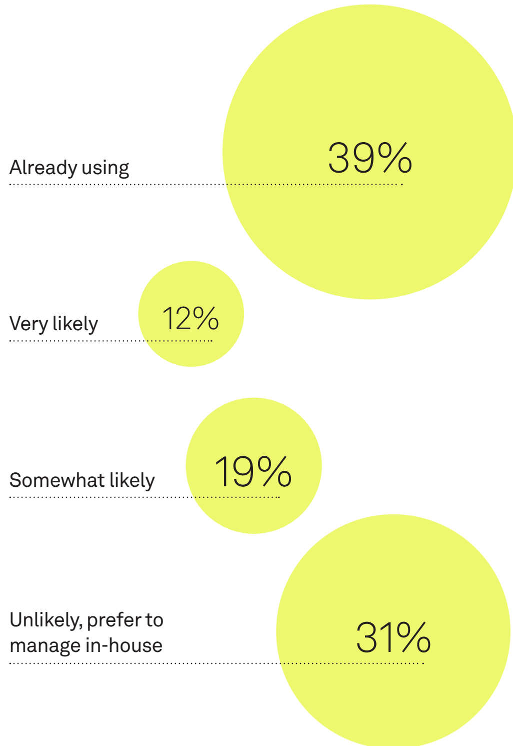


It's not that firms reject automation. Rather, currently, automation is patchy, manual processes remain embedded, and there's a lack of resource and expertise to drive change or speed up implementation. And with more than 60% of the market highlighting that legacy technology is a particular challenge, it's unsurprising that this is hard to change.

Our experience tells us that automation is often deployed in ringfenced sections of operational processes and not consistently applied across the regulatory reporting workflow, with reconciliation, exception management and broader data quality checks still heavily dependent on manual workflows.

The gap between what automation could deliver, and what firms have deployed, continues to widen. An approach that focuses on the Control Framework, leveraging technology, automation and even AI to improve reconciliation, exception management and quality assurance processes will drive the transformational sweet spot where regulatory reporting processes become less onerous, introduce less risk, and free up internal teams for work that adds value to their businesses.

Q. How likely are you to engage a third-party provider for quality assurance or reconciliation if you aren't already?



Source: S&P Global Market Intelligence Cappitech Global Regulatory Reporting Survey 2025.

Shrinking expertise weakens control environments, intensifying reliance on vendors and advisory support

Manual processes are not just a challenge in respect of resourcing. The expertise required to manage regulatory reporting is simply not always available. Project teams supporting EMIR refit, CFTC Rewrite, MAS updates or ASIC rewrites have, in many cases, dissolved. SMEs have moved on and BAU teams have now inherited responsibility for an increasingly complex ecosystem.

Q. What is your biggest challenge regarding the team managing your regulatory reporting?

47%	Lack of bandwidth to cover multiple jurisdictions
33%	Finding and retaining specialised talent
13%	The high cost of training and certification
7%	We are comfortable with our internal team's capabilities

Across firms, operations teams lack bandwidth, specialist knowledge and are likely relying on "good-enough" controls or processes and existing systems, which makes evolution more difficult. This leads to reactive remediation, over-reliance on the TR, ARM or APA to provide feedback, inconsistent processes, and fragmented control frameworks. It's likely to also cause frustration for teams already being asked to do more with less, but who are nonetheless committed to making it work.

In this environment, solution providers offer a route not only to improved technology and processes, but also as a tool to accelerate automation and drive transformation.

Increasingly, firms are outsourcing some or all of their regulatory reporting processes from reconciliation and exception management to control frameworks and BAU processes. And they're doing so in ways that positively impact their key challenges of lack of resources and expertise and to overcome the reliance on manual processes. Leveraging the expertise, technology and experience embedded in vendors' DNA offers a cumulative and collaborative approach to changes and market shifts, that sits comfortably alongside tried and tested ways to strengthen operating models, particularly around operational resilience, expertise and data quality.

As importantly, this support can be cost effective and predictable, priced to offer multi-year, evolving support as well as flexible and scalable according to the business need including any existing gaps or future requirements.

Q. What type of expertise is missing/lacking from your regulatory reporting BAU and/or tansformation teams?

31%	Regulatory Subject Matter Experts (SMEs)
23%	Development resources
15%	None – we have everything
15%	Compliance/Advisory
8%	Regulatory Business Analysts
8%	Project Management

Source: S&P Global Market Intelligence Cappitech Global Regulatory Reporting Survey 2025.

Additional findings

UPI issues and reference data breaks

The introduction of Unique Product Identifiers (UPIs) was intended to solve long-standing fragmentation in derivatives reporting by providing a single, globally recognized identifier to simplify transparency across regimes.

But the reality is more complex. Our analysis shows that reference data challenges remain the dominant source of reporting friction.

This reinforces a consistent trend observed across jurisdictions: a significant proportion of the industry's exception management activity originates from upstream reference data issues. This is particularly concerning given regulators' sustained and increasing focus on data quality and oversight.

Much of this stems from dependencies on multiple internal and external data sources, legacy architectures, and manual data management. Even firms with mature reporting teams frequently encounter mismatches between internal systems, industry utilities and repository standards. UPI adoption therefore does not necessarily eliminate data breaks, but rather shifts the break to a different process. For firms that discover issues only in post-submission control processes, there's a clear need for stronger pre-submission validation and more robust control frameworks.

Automated UPI mapping, counterparty data enrichment, and pre-submission validation help firms to reduce rejections and build a more resilient operational model. Expert-led data quality frameworks and reconciliation capabilities such as provided by Cappitech provide the tools to address the root causes of these reference data issues and eliminate the need to manage negative results.

Q. **Which new fields have been challenging to report correctly?**

(Please select all that apply)

39% Counterparty 2 fields (sector, clearing threshold, reporting obligation)

34% UPI (finding and maintaining list of new UPIs)

21% Commodity fields (defining new commodity product definitions)

17% Prior UTI

17% Other

17% Direction field (adapting to Make/Take format along with Buy/Sell for certain products

9% Subsequent UTI

Source: S&P Global Market Intelligence Cappitech Global Regulatory Reporting Survey 2025.

Additional findings /continued

Confusion over NCA guidelines

Despite years of regulatory dialogue, more than 40% of firms still struggle with understanding NCA guidelines. This ambiguity is not new and certainly has been a key consideration over the last 10 years of almost constant regulatory change and evolution.

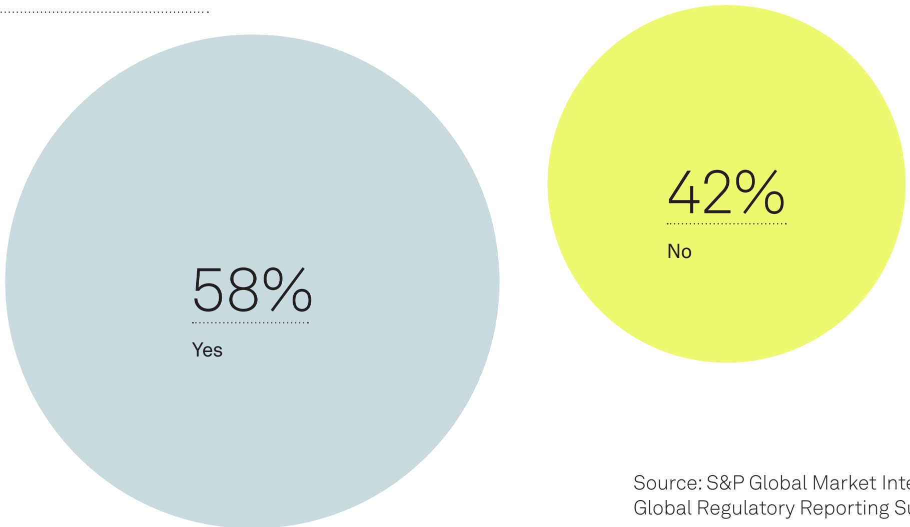
The persistence of these difficulties highlights an important industry reality: even with detailed rules in place, interpretation continues to vary across firms, jurisdictions, and even between reporting teams within the same institution.

The lack of clarity has operational consequences. Firms must make daily judgement calls on whether an error constitutes a "material" breach, when to notify regulators, and how to interpret subtle differences in supervisory expectations across NCA's.

These inconsistencies can lead to over-reporting (for fear of non-compliance) or under-reporting (for fear of triggering unnecessary regulator questions). Both create operational drag as well as regulatory risk.

Automation, based on rules created and tested against large models across the industry and through leveraging specialist expertise, offers rapid identification of issues and a consistent, proven approach to remediation, with less ambiguity. Safety in numbers – where firms benefit from the experience and knowledge of the wider industry via their peers and vendors – also offers a powerful solution that is not only effective, it represents a genuine industry-led approach to meeting regulators where they are. In an environment where regulatory scrutiny is intensifying, clarity and consistency in NCA processes serve as a stabilizing force that enhances a firm's overall reporting maturity.

Q. Are the guidelines clear on when and how to notify NCAs of errors and omissions?



Source: S&P Global Market Intelligence Cappitech Global Regulatory Reporting Survey 2025.

Additional findings /continued

Transition to ISO 20022: Progress, comfort, and the real work still ahead

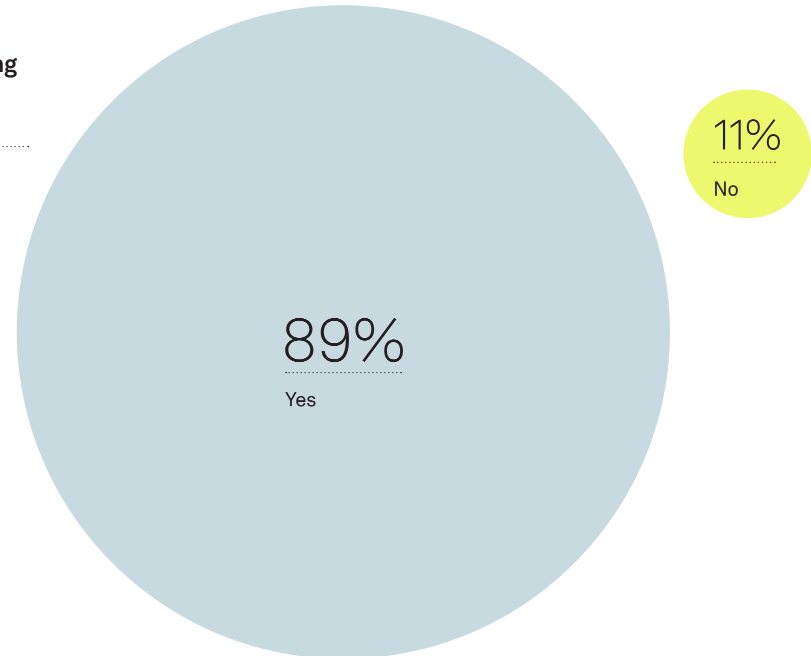
One of the most encouraging data points from this year's survey is the market's increasing comfort with ISO 20022.

Our analysis shows that 89% of firms using ISO 20022 are confident in the new XML format for EMIR, MAS, and ASIC submissions, and ESMA's 2025 Data Quality Review confirms that formatting-related rejections have fallen to near zero. After years of preparation, testing, and post-go-live fine-tuning, firms have largely stabilized the technical aspects of the ISO transition.

Regulators however, continue to highlight that while XML formatting issues have decreased, other errors and business-level inaccuracies remain a concern. As already highlighted, data quality is important, not just the way the data is formatted.

We expect that ISO maturity in the next phase will focus on semantic accuracy, cross-regime alignment, golden-source consistency and enhanced pre-submission controls, with automation and AI-driven quality assurance playing a significant role. Vendors that can bridge the gap between schema compliance and business-accurate reporting will help firms move from "successful submission" to "sustainable data quality", strengthening the overall control environment.

Q. Do you agree that the challenge of switching to ISO 20022 XML for EMIR, MAS and ASIC updates are behind us?



Source: S&P Global Market Intelligence Cappitech Global Regulatory Reporting Survey 2025.

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S&P Global Market Intelligence integrates financial and industry data, research, and news into tools that help track performance, generate alpha, identify investment ideas, understand competitive and industry dynamics, perform valuation, and assess risk.

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Cappitech provides regulatory reporting, reconciliation and consulting services that meet the fast-evolving needs of the largest and most complex financial and non-financial institutions. Our cloud-based, cross-regulation SaaS platform fully automates the reporting process and provides a comprehensive view on a single, intuitive dashboard for reporting regimes such as EMIR, MiFID, SFTR, FinfraG, SEC, CFTC, Canadian reporting, ASIC, MAS, JFSA and others.

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