



THE ASSOCIATION OF  
QUALIFIED & AUTHORISED  
INTERMEDIARIES

Administrative Offices:  
30 Mill Lane, Yateley,  
Hampshire United Kingdom  
GU46 7TN

Katja Pussila, Seconded National Expert  
European Commission  
DG TAXUD

February 23<sup>rd</sup>, 2026

Dear Katja,

Please find below our commentary on the document most recently shared for the way of reporting. We feel that the way to report document is adequate although there are some substantive and non-substantive points we'd like to make.

**(A) Substantive points**

- (1) There does not seem to be a position in the xml or the way of reporting document to consider a situation in which the registered owner is not known for reporting purposes (and therefore cannot be reported). For example, a CFI that has not or cannot assume the position of a non-CFI below them in the payment chain and that non-CFI has not provided registered owner information to the CFI with respect to one or more payments.

From a legal perspective we understand that FASTER reporting and due diligence obligations only apply to (i) CFIs, (ii) Member States and (iii) the tax authorities in the source Member States. Therefore, if an intermediary is not a CFI, it is not subject to FASTER reporting, is not entitled to use any of the fast-track procedures and does not benefit from the standardised reporting regime.

The practical implication of this, to our current understanding, would be that if a non-CFI refuses to disclose registered owners (or the registered owner refuses to provide required information), the CFI above it in the payment chain cannot meet its reporting obligations to be part of a fully traceable certified chain (absent the concept of "unknown recipient"), the payment would fall outside the FASTER framework and the registered owner would have to use the standard refund procedure under domestic law.

Can you confirm that a payment (or portion of a payment) to a non-CFI in such circumstances would not be reported and that the Member State would not therefore have a fully disclosed payment chain.

- (2) The industry has two types of CSD – an "Issuer CSD", closest to the top of the payment chain and an "Investor CSD", closest to the registered owner. It is not clear which type of CSD is being referenced in the document.
- (3) We also wait, presumably at Implementing Act and/or transposition, for more information about governance, enforcement and penalties associated with non-compliance, particularly perhaps for non-CFIs that do not disclose through a CFI.
- (4) We express doubts regarding the reliance on "inferred" data for non-CFIs. The document notes that when a CFI reports on behalf of a non-CFI under Article 10(3), the information regarding the non-CFI's position in the chain is "inferred" rather than explicitly reported. We are concerned that relying on implicit inference rather than explicit data fields creates operational risks.
- (5) We are concerned about the data reconstruction burden required by the indirect reporting model. While direct reporting requires a CFI to simply report a single payment flow, the indirect reporting model requires the CFI to report the entire securities payment chain. By introducing the *PaymentChainNode* to build the chain from the "bottom-up", the reporting CFI is forced to accurately reconstruct and



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sequence the actions of all other intermediaries involved. This creates a significant operational and IT burden, as CFIs must piece together the entire history of the payment rather than just reporting their own immediate transactions.

**(B) Non-Substantive points**

- (1) The diagrams titled “Direct reporting – blue flow, for example, do not represent reporting. They represent the payment flow. Please consider re-titling the diagrams more clearly.
- (2) Please clarify whether a Member State will confirm which reporting model it adopts (direct or indirect) and/or the conditions, if any, under which it could change that reporting model and with what notice to industry at transposition by December 31<sup>st</sup> 2028?
- (3) Similarly, please clarify whether transposition will determine whether Member States want additional data reported, such as holding periods under the anti-abuse rules of Article 10(2) and Annex II(E) or the optional data under Article 10(2) and Annex II(F).
- (4) There is no modelling or mention of non-CFIs who do not agree to the “on behalf of” reporting concept and whose registered owner will not therefore be able to access tax relief.
- (5) Registered owner v beneficial owner? The current XML proposition seems designed exclusively for retail individuals and fails to adequately account for cases where the registered owner is a transparent investment fund rather than the ultimate beneficial owner, i.e., lacks a “look-through” mechanism to report the underlying investors of a transparent fund.
- (6) Report amendments/corrections not addressed yet.
- (7) XSD repeatability limitation: The document notes a fix to the current limitation in the shared XSD where the *ReportingBody* element is not yet repeatable. The ability to submit consolidated, multi-flow messages in a single file will be essential for the industry to automate and scale reporting operations.

Thank you for your consideration.

Sincerely

Ross McGill, Chairman