



October 17, 2024

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: File No. S7-2024-05; Financial Data Transparency Act Joint Data Standards

Dear Secretary Countryman:

On behalf of the Consumer Federation of America (CFA),¹ I am writing to express my support for the above-captioned proposal to establish standards to promote the interoperability of financial regulatory data across regulatory agencies.² First, the proposal would establish common identifiers for financial products and instruments that are non-proprietary and available under an open license. Second, the proposal sets forth principles for transmitting and structuring data. These standards would enhance the transparency, accessibility, and usability of data reported to federal financial regulators, including the Commission, which in turn would enable more informed decision making by investors.

The Financial Data Transparency Act (“FDTA”) was enacted to modernize how financial data is collected and reported by federal financial regulators, making it “easier for the public to use and for agencies to process.”³ As Senator Mark Warner, a co-sponsor of the legislation stated, “Providing greater transparency and usability for investors and consumers, along with streamlined data submissions and compliance for our regulated institutions,” is an “important step toward more consistency and transparency in government data collection and use.” Senator Mike Crapo, another co-sponsor, similarly emphasized the importance of making financial data “more accessible and understandable to the American public,” which will be “an important step in improving government transparency and accountability.”

Section 124 of the Financial Stability Act (amended by the FDTA) requires that the data standards, to the extent practicable, must satisfy certain properties with regard to data transmission and schema and taxonomy formats in order to ensure the information is searchable and machine-readable, clearly defined and consistently identified, and non-proprietary.

¹ The Consumer Federation of America is a non-profit association of more than 250 consumer groups that was established in 1968 to advance the consumer interest through research, advocacy, and education.

² Proposed Rule, Financial Data Transparency Act Joint Data Standards, Release No. 33-11295; 34-100647; IA-6644; IC-35290 (August 2, 2024), <https://www.sec.gov/files/rules/proposed/2024/33-11295.pdf>

³ Senator Mark Warner, “Warner & Crapo Introduce Legislation to Boost Transparency Around Financial Data,” May 25, 2022, <https://www.warner.senate.gov/public/index.cfm/2022/5/warner-crapo-introduce-legislation-to-boost-transparency-around-financial-data>

Establishment of Common Identifiers

Pursuant to Section 124(c)(1)(A) of the Financial Stability Act, the proposal would establish a common nonproprietary legal entity identifier (“LEI”) that is available under an open license for all. The LEI is a globally recognized, 20-character, alphanumeric code that identifies legal entities. Because it is non-proprietary, it ensures broad access without the costly barriers associated with proprietary identifiers such as the CUSIP system. Shifting away from proprietary to non-proprietary identifiers will benefit regulators, investors, and researchers, enabling easier access to higher-quality data and the ability to undertake higher-quality analysis.

Standardization of Data Transmission and Structuring

Second, pursuant to Section 124(c)(1)(B), the proposal establishes standards for transmitting, structuring, and formatting data to promote the interoperability of that information. In order to satisfy these standards, the data transmission and schema and taxonomy formats would need to:

- Render data fully searchable and machine-readable;
- Enable high quality data through schemas, with accompanying metadata documented in machine-readable taxonomy or ontology models, which clearly define the semantic meaning of the data, as defined by the underlying regulatory information collection requirements, as appropriate;
- Ensure that a data element or data asset that exists to satisfy an underlying regulatory information collection requirement be consistently identified as such in associated machine-readable metadata; and
- Be nonproprietary or available under an open license.

Under this principles-based approach, any specific format (e.g., eXtensible Markup Language) that enables the structuring and transmission of high-quality, machine-readable data would be permitted. According to the proposal, there are currently various data transmission formats that generally have these properties – for example, there are methods of using Comma Separated Values (CSV) or other delimiter-separated files, eXtensible Markup Language (XML), and Java Script Object Notation (JSON) in manners that satisfy these properties.

We understand that questions have been raised about interoperability between CSV, XML, and JSON. Accordingly, we seek confirmation that a final rule will ensure, to the extent practicable, that high-quality data within these formats is interoperable, consistent with the FDTA’s purpose of promoting accessibility and usability.

Conclusion

Ensuring high-quality data can be accessed and analyzed with minimal burdens is a worthy endeavor. We urge the Commission to adopt this proposal without undue delay.

Respectfully submitted,



Micah Hauptman
Director of Investor Protection