

**S7-2024-05**

**Financial Data Transparency Act Joint Data Standards**

Dear sirs,

The FIX Trading Community (FIX) appreciates the opportunity to comment on the proposed rule on establishing data standards to promote interoperability of financial regulatory data across agencies under the Financial Data Transparency Act. These comments have been prepared by the FIX Trading Community's reference data working group and global technical committee, both of which have representatives from market operators, sell-side firms, buy-side firms and vendors.

The FIX Trading Community, as well as maintaining a number of standards (including the FIX Protocol, used for the majority of trading-related electronic communications in the financial services industry) has a long history of working with regulators and industry participants to assist with the process of implementing regulatory change. Our role is never to take a position on the appropriateness of regulatory rules, instead focusing on potential challenges arising from the implementation of such rules and making recommendations to assist with such implementation.

Given this, we would like to make the following observations:

- We are supportive of the use of free and open standards, and indeed consistent use of those standards. The benefits in terms of simplification, reduction in data mapping requirements and error are well understood and borne out by our own experience with developing and seeing the widespread adoption of our own standards.
- We note that everything on the list of identifiers, plus a number of others, is supported within the FIX Protocol, thus facilitating their electronic transmission between industry participants.
- We also note that, in Europe in particular, regulators have moved towards ISO standards.
- We would like to note the usage of the Digital Token Identifier (ISO 24165) for digital assets, noting that it fulfils the criteria identified in 124(c)(1)(B) of the Financial Stability Act and is used in European regulation (specifically MICA).
- We have a number of comments to make on the topic of Data Transmission and Schema and Taxonomy Format Standards:
  - We find the terms “data transmission format” and “schema and taxonomy format” slightly confusing and instead recommend alignment with the OSI Model (ISO/IEC 7498). This describes messaging systems in terms of a seven-layer model. Of relevance here are two layers - the ‘application’ layer (Layer 7, containing the business content) and the ‘presentation’ layer (Layer 6, describing how the business content is represented on the wire, otherwise known as ‘encoding’). Underneath this are the ‘session’ layer (Layer 5, describing aspects such as authentication, message recoverability and similar) with layers 4 to 1 going down to the underlying hardware. XML and JSON, for example, would be considered encodings and hence sit at OSI Layer 6. ISO 20022 consists of both a ‘business model’ (OSI application layer, Layer 7) and, at the time of writing, two encodings (XML and ASN.1, at Layer 6). The FIX suite of standards similarly splits into the FIX Protocol (application layer, OSI Layer 7), various encodings (including FIX’s own ISO 3531-1 FIX TagValue encoding, Simple Binary Encoding and FIXML, but can equally be used with other encodings such as ASN.1, JSON and Google Protocol Buffers, all OSI Layer 6) and various session layers. The term “data transmission format” would appear to be synonymous with OSI Layer 6, and we feel it would be helpful to make that clear.

- As mentioned above, FIX has its own encoding standards which meet the criteria laid out in the consultation. FIX TagValue encoding, the dominant standard for electronic trading messaging particularly between financial institutions, is an ISO standard ISO 3531-1. Simple Binary Encoding is a standard for low latency messaging and has a number of implementations. This is currently going through the approval process for becoming an IEC JTC1 standard. These are both alternatives to XML and JSON and, as with all FIX standards, are free and open.
- Regarding 'taxonomies', FIX has a standard - Orchestra ([www.fixtrading.org/fix-orchestra](http://www.fixtrading.org/fix-orchestra)) - for describing messaging protocols in a machine-readable manner. Orchestra supports the ability to describe messages in terms of business elements (messages, fields etc.) and their representation in any number of "data transmission formats" (encodings). It also supports relationships between data elements and between messages (i.e., the message choreography or 'workflow'). It therefore provides a schema not for just what messages should contain but also how they should be used.

Yours sincerely,

Jim Kaye, Executive Director, FIX Trading Community