



# COMMONWEALTH of VIRGINIA

*Department of the Treasury*

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October 18, 2024

Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: Financial Data Transparency Act, File No. S7-2024-05

Via electronic submission: [SEC.gov](https://www.sec.gov) | [Financial Data Transparency Act Joint Data Standards](#)

Dear Ms. Countryman,

The Commonwealth of Virginia (the “Commonwealth”) appreciates the opportunity to comment on the Financial Data Transparency Act (“FDTA”) Joint Data Standards. As the Treasurer of the Commonwealth, I am writing to express concerns with the potential implementation of these standards. I support strong financial transparency, and the Commonwealth implements this effort by not only providing required and voluntary information to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, but also through publicly available government websites, as well as an additional external dedicated investor website. Many other states and localities take similar steps to provide market participants with comprehensive and easy to access data. I am concerned that the well intentioned proposed FDTA Joint Data Standards will cause market dislocation if there is a change in the common financial instruments identifier and that such a change might also negatively impact individual retail investors, resulting in less overall transparency and inefficient pricing of municipal bonds. I am also concerned that the FDTA will in general create new unfunded mandates and that it will disproportionately burden smaller municipalities.

## **Market Disruption and Pricing Impacts**

The proposed FDTA Joint Data Standards, if implemented, will require issuers to establish a Legal Entity Identifier and to utilize Bloomberg LP’s Financial Instrument Global Identifier. Municipal market participants understand the existing Committee on Uniform Security Identification Procedures (“CUSIP”) and a departure from municipal bonds utilizing unique CUSIPs will cause confusion. While each maturity is assigned a unique CUSIP, these CUSIPs are tied to a known base CUSIP that not only distinguishes the issuer, but it also indicates to investors under which program the bonds are being issued, as different programs may have different security provisions.

Any change from the existing structure will result in an imbalance of market knowledge among investor groups that could lead to pricing inefficiencies, which would result in higher costs to issuers that must fund these costs with taxes or user fees. Such a change could also negatively impact traditional retail investors that may not be equipped with the knowledge and resources required to adjust to this change. The potential increased interest costs and fair pricing concerns are of great issue to the Commonwealth, as this uniformity change may additionally cause less individual bond maturity transparency, which is a departure from the reason for FDTA passage.

### **Unfunded Mandates and Increased Costs**

The FDTA also creates an unfunded mandate that will increase the costs and complexity of issuing municipal bonds. State and local governments will face additional regulatory compliance burdens, which will drive up the cost of critical public projects such as schools, bridges, and water treatment facilities. Governments will either have to hire personnel or procure vendor services to assist with the required data structuring and tagging to produce compliant reports. These increased expenses will ultimately be passed on to taxpayers or result in delays or cancellations of vital projects, compromising public welfare. The FDTA's potential one-size-fits-all approach does not take into account the diverse financial and operational capacities of municipalities across the country.

### **Disproportionate Impact on Smaller Municipalities**

Smaller municipalities are particularly vulnerable to the added burden of compliance with the FDTA. Unlike larger municipalities that may have more resources and personnel to handle these new requirements, smaller governments often operate with limited staff and budgets. The FDTA's demands for additional reporting and transparency standards place an inequitable strain on these smaller entities, potentially limiting their access to bond markets and reducing their ability to finance essential infrastructure projects. In effect, the FDTA threatens to disenfranchise smaller communities, leaving them less able to meet the needs of their residents.

In light of these concerns, I respectfully urge the SEC to reconsider the scope and application of the FDTA's Joint Data Standards, ensuring that any new requirements are carefully crafted to ensure that transparency and pricing fairness are at the forefront, while also recognizing that the scope of these changes will drive the magnitude of these unfunded mandates, and that the decisions have the potential to create undue burdens on smaller municipalities.

Thank you for considering these comments. I look forward to further discussions on how to better balance transparency and efficiency without compromising the financial well-being of our state and local governments.

Sincerely,



David L. Richardson  
Treasurer of Virginia