



**THE FOUNDATION  
FOR SECURE  
MARKETS<sup>®</sup>**

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By Electronic Delivery

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**Re: Financial Data Transparency Act Joint Data Standards Rulemaking**

Ladies and Gentlemen:

The Options Clearing Corporation (“OCC”) appreciates the opportunity to comment on the above-referenced proposal (“Proposal” or “Proposed Rules”)<sup>1</sup> published jointly by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Consumer Financial Protection Bureau, Commodity Futures Trading Commission (“CFTC”), Securities and Exchange Commission (“SEC”), Federal Housing Finance Agency, and Department of the Treasury (together, the “Agencies”). The Agencies are proposing these rules as required by the Financial Data

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<sup>1</sup> Financial Data Transparency Act Joint Data Standards Rulemaking, 89 FR 67890 (Aug 22, 2024) (“Release”).



Transparency Act of 2022 (“FTDA”).<sup>2</sup> The Proposal would establish data standards to promote interoperability of financial regulatory data across the Agencies. The data standards established pursuant to this rulemaking would later be adopted in separate rulemakings or through other actions taken by the Agencies.

### **About OCC**

Founded in 1973, OCC is the world’s largest equity derivatives clearing organization. OCC operates under the jurisdiction of both the SEC and the CFTC. As a registered clearing agency under the SEC’s jurisdiction, OCC is the sole clearing agency for equity options listed on national securities exchanges. As a registered Subpart C Derivatives Clearing Organization (“DCO”) under the CFTC’s jurisdiction, OCC clears and settles transactions in futures and options on futures. OCC also provides central counterparty clearing and settlement services for securities lending transactions. In addition, OCC has been designated by the Financial Stability Oversight Council as a systemically important financial market utility (“SIFMU”) under Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”). As a SIFMU, OCC is subject to prudential regulation by the FRB. OCC is recognized by the European Securities and Markets Authority as a Tier 1 third-country CCP under Article 25 of the European Market Infrastructure Regulation. OCC operates as a market utility and is owned by five exchanges.

### **Summary**

OCC appreciates the Agencies’ collaboration in furthering the development and application of consistent data standards. OCC supports data harmonization and standardization efforts to promote the interoperability of financial regulatory data. OCC recognizes that the establishment of joint data standards may increase efficiency and reduce the costs of transmitting or sharing data among the Agencies, which may improve the usability of data, including for purposes of managing systemic risk and coordinating and evaluating regulatory and supervisory events, actions, or responses.

OCC understands that financial entities may currently utilize different data standards based on their reporting regimes and, to establish common data standards, financial entities may be required to undertake changes. OCC recognizes that certain costs are necessary to achieve the market benefits of such an initiative. However, OCC respectfully asks the Agencies to minimize any burden on financial entities that is not justified in furtherance of the interoperability of financial regulatory data. In establishing the joint data standards, OCC asks the Agencies to consider how the proposed data standards will be interoperable and how any single data standard will promote high quality data and contribute to transparency and utility. OCC underscores the importance of avoiding both overlapping and conflicting reporting requirements as well as potentially disruptive changes that may lead to operational risk across the financial industry. With this in mind, OCC offers more detailed comments on the Proposal, including on certain proposed amendments to establish common

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<sup>2</sup> 12 U.S.C. § 5334(b). The FDTA seeks to promote interoperability of financial regulatory data and directs the Agencies to jointly establish data standards. The FDTA also directs most of the Agencies to issue individual rules adopting applicable joint standards for certain collections of information under their purview.



data standards that, if implemented through subsequent Agency rulemaking, would impose new requirements, and discusses the potential investment of time and resources required by the Proposal.

### **Establishment of Common Data Standards**

#### **a. Legal Entity Identifier (“LEI”)**

The Agencies propose to establish the International Organization for Standardization (“ISO”) 17442- Financial Services—LEI as the legal entity identifier joint standard.<sup>3</sup> OCC agrees that standardizing the identification of legal entities can promote interoperability of financial regulatory data across the Agencies. OCC supports the use of the LEI to identify legal entities related to the filer of a particular report. Such entities have ownership over their LEIs and can ensure that LEIs are accurate and active. OCC advises against a requirement that would mandate entities like OCC to provide the LEIs of their clearing members or their customers. OCC does not require its clearing members to provide LEIs for themselves or their customers, as not all firms have LEIs. Moreover, because OCC must rely on its clearing members to provide optional LEI data, OCC does not independently validate that clearing members have provided the correct LEI, which would be impractical and time consuming for an entity like OCC with approximately 100 clearing members which have numerous clients.

Should the Agencies determine that this level of LEI data for clearing members or their customers is necessary, OCC supports providing this information where it is available. For example, where a DCO is required to report information at the individual customer account level, CFTC regulation requires the DCO to identify individual customer accounts by LEI and internally-generated identifier, *where available*.<sup>4</sup> OCC encourages the Agencies to consider established reporting requirements and to align the proposed joint standards with such requirements where possible, as further discussed below.

#### **b. Financial Instrument Global Identifier (“FIGI”)**

The Agencies propose to establish additional common identifiers as data standards, including the FIGI created by the Object Management Group for the identification of financial instruments. OCC is concerned that adoption of the FIGI would lead to ambiguity in identifying financial instruments and increased operational risk. In particular, OCC noticed that certain instruments have different FIGI numbers across different exchanges. Explanatory documentation for the FIGI states that “[e]quity instruments and equity options are allocated a FIGI at the Composite and Trading Venue level. For all other asset classes, only one FIGI gets assigned per security.”<sup>5</sup> Adopting the

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<sup>3</sup> Section 5811 of the FDIA amends subtitle A of the Financial Stability Act of 2010 (“Financial Stability Act”), 12 U.S.C. 5321 *et seq.*, by adding new section 124, 12 U.S.C. 5334. Section 124(c)(1)(A) of the Financial Stability Act requires the joint standards to include common identifiers, including a common nonproprietary legal entity identifier.

<sup>4</sup> See § 39.19(c)(1)(i)(A) and (D). The adopting release issued on August 8, 2023 noted the following: “the requirement that a DCO identify each individual customer account using both an LEI and any internally-generated identifier, ‘where available,’ is intended to mean this information is required, in either case, only if the DCO has the information associated with an account.” 88 FR 53664, 53670 (Aug. 8, 2023).

<sup>5</sup> Additional details related to the FIGI are available at <https://www.openfigi.com/assets/local/figi-allocation-rules.pdf>.



FIGI would require firms like OCC to take part in complicated data matching exercises to map different instruments, i.e., option classes and series, and their FIGI numbers across venues. Such exercises would create excessive operational risk as they would likely rely, in part on manual processes to review, reconcile, and consolidate instruments and their FIGI numbers across venues, which presently includes 18 options exchanges. Moreover, a data matching exercise would be required when OCC adds new option series to map the different FIGI numbers with the option series. An additional data matching exercise would be required any time a firm receives a data file from an outside source that does not use the FIGI because the FIGI would need to be matched to the identifier used therein, which creates the potential for errors and operational risk. OCC is concerned that, due to these characteristics, the FIGI may be applied inconsistently across the industry, which would result in analysis that is inaccurate as well as inefficient from a timing perspective. Lastly, OCC notes that it currently clears options for nearly 5,800 different option classes and nearly 1,600,000 option series. Application of the FIGI would require substantial information technology (“IT”) resources to make complex changes, something that entities like OCC would need to plan well in advance, in consideration of other projects that have already been slated for development years into the future. OCC respectfully asks the Agencies to reconsider the use of the FIGI and to further evaluate the costs and benefits of rulemaking that would require entities to take part in any data matching exercises for purposes of financial instrument identification.

c. Other Common Identifiers and Data Transmission Standards

The Proposal sets out other common identifiers<sup>6</sup> as well as data transmission, schema and taxonomy format data standards.<sup>7</sup> OCC believes that a common language for financial data will improve data usability but is not clear how that will be achieved because the Proposal does not explain how various elements will be interoperable. OCC encourages the Agencies to consider how the proposed data standards will be interoperable and to minimize any burden on financial entities that is not justified in furtherance of the interoperability of financial regulatory data. In general, OCC encourages the Agencies to limit the common identifiers to those where there is industry consensus, and that have been determined by the Agencies to contribute to the interoperability of financial regulatory data, promote high quality data, and contribute to transparency and utility.

OCC agrees that to meet the proposed data standards, the data transmission, schema and taxonomy format should have certain defined properties *to the extent practicable*.<sup>8</sup> Given the wide swath of the market that the proposed data standards cover, OCC agrees with adding “to the extent

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<sup>6</sup> Other common identifiers include those related to the identification of swaps and security-based swaps and other financial instruments; dates; states, possessions, or military “states” of the U.S. or geographic directionals; countries and their subdivisions; and currencies. Release at 67905.

<sup>7</sup> The proposal states that the “the data transmission or schema and taxonomy format must, to the extent practicable: (A) Render data fully searchable and machine-readable; (B) 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; (C) 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 (D) Be nonproprietary or available under an open license.” Proposal at 67898.

<sup>8</sup> *Id.*



practicable” with respect to the data transmission, schema and taxonomy format standards. It is not clear to OCC whether these defined properties would be applicable to reporting pertaining to every “collection of information,” as defined in the Paperwork Reduction Act of 1995.<sup>9</sup> To that end, OCC also requests clarity in any subsequent Agency rulemaking regarding which collections of information are subject to the proposed data standards. While the Proposal notes that pending and approved collections of information are publicly accessible on Reginfo.gov, this website includes lists of hundreds of collections that may not apply to a specific entity. Moreover, the Proposal notes that certain collections of information are outside the scope of the FTDA.<sup>10</sup> Thus, OCC proposes clarity on which collections of information are in scope for each Agency for a particular entity.

### **Potential Cost of Compliance**

#### **a. Proposal Cost-Benefit Analysis**

The Agencies state that the Proposed Rule “includes no new reporting, recordkeeping, or other compliance requirements” because it “only applies to the Agencies themselves—it does not apply to any other entities.”<sup>11</sup> However, OCC emphasizes that the data standards established pursuant to this rulemaking would later be adopted in separate rulemakings or through other actions taken by each of the Agencies that could have significant downstream impacts on industry participants, including OCC. Unless an entity’s current data reporting is identical to the Proposal, or subsequent Agency rulemakings, there will be a cost of compliance because moving to different standards would require industry-wide change, leading to material resource and financial impacts. OCC believes a cost-benefit analysis would have been useful in grounding any proposed data standards; however, the Proposal does not address the benefits to the Agencies and industry of the joint data standards, or the costs to different entities of having to comply with these standards.

While OCC believes that more clarity regarding the scope and application of the Proposal is required to conduct a deeper analysis into the potential cumulative costs of compliance, OCC preliminarily believes such costs could be substantial. The cost of compliance includes significant resources and staff time, including significant use of IT and operations resources to develop added IT solutions and to review, consolidate, and map data to transition to the proposed data standards.

#### **b. Consistency with Other Reporting Requirements**

OCC is particularly concerned with the cost of compliance with the proposed data standards when viewed through a lens that considers not only the significant IT and operations impact from the proposal described in more detail above, but that also considers current reporting requirements and regulations, and new reporting requirements with looming compliance dates. For instance, the

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<sup>9</sup> 44 U.S.C. 3502(3).

<sup>10</sup> Proposal at 67895 (“Under this directive, collections of information that do not include reporting requirements...and that are not reported to an Agency by a specified type of financial entity are outside the scope of the FDTA. Likewise, specified collections of information that are not regularly reported to the relevant Agency, or that are subject to the ‘monetary policy’ exception are also outside the scope of the FDTA. Each implementing Agency may choose to further interpret the scope of the FDTA’s applicability to its own collections of information...”).

<sup>11</sup> Release at 67901.



CFTC recently finalized amendments to Part 39 and Part 17 of the CFTC's regulatory framework. The compliance dates for these amendments are February 2025 and June 2026, respectively. OCC, along with industry participants, continue to dedicate significant IT, operations, risk management, legal and compliance resources and time to achieve compliance with these finalized amendments by the relevant dates. As noted above, more time and clarity regarding the scope and application of the Proposal are required to understand its impact on these recently finalized CFTC amendments. However, OCC is concerned that the Proposal failed to mention any cost-benefit analysis in terms of impact to current regulation and industry practices.

Requiring potentially duplicative or conflicting changes would create an undue burden on entities that would need to expend significant time and resources to re-build systems and programs to comply with different regulatory reporting requirements. To avoid conflicting and overlapping data requirements, OCC encourages the Agencies to leverage existing data standards and elements and take part in industry discussions to build industry consensus on consistent data standards.

### **Conclusion**

OCC thanks the Agencies for the opportunity to provide comments on the Proposed Rules. If you have any questions, please do not hesitate to contact Megan Flaherty, Managing Director, Head of Regulatory Law and Policy, at 312.322.6246, or [mflaherty@theocc.com](mailto:mflaherty@theocc.com). OCC would be pleased to provide the Agencies with any additional information or analyses that might be useful in determining the content of the final rules.

Sincerely,

A handwritten signature in black ink that reads "Megan Malone Cohen". The signature is written in a cursive, flowing style.

Megan Malone Cohen  
General Counsel and Corporate Secretary