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Submitted Electronically

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

Re: Financial Data Transparency Act Joint Data Standards Rulemaking (Release No. 33-11295; 34-100647; IA- 6644; IC-35290; File No. S7-2024-05)

Dear Ms. Countryman,

Cboe Global Markets, Inc. (“Cboe”) values the opportunity to provide feedback to the Securities and Exchange Commission (“SEC” or “Commission”) regarding the Joint Data Standards Rulemaking proposal (“Joint Standards” or the “Proposal”) under the Financial Data Transparency Act of 2022 (“FDTA” or “Act”).¹ The Act would establish technical standards for data submitted to nine financial regulatory agencies, including the SEC.

Cboe operates six national securities exchanges overseen by the SEC: Cboe Exchange, Cboe C2 Exchange, Cboe BYX Exchange, Cboe BZX Exchange, Cboe EDGA Exchange, and Cboe EDGX Exchange. As such, Cboe is well-suited to provide comments on the Proposal, specifically from the national securities exchange perspective.

Cboe supports thoughtful efforts to improve transparency and efficiency across financial markets but warns against arbitrary and costly modifications that could outweigh the intended benefits of the Proposal. Cboe, as an operator of multiple SEC-registered entities, has a vested interest in ensuring that any joint rulemaking or future agency-specific proposal upholds this goal.

Under the FDTA, the SEC, among eight other regulatory agencies, is directed to establish joint technical standards to support the interoperability of financial regulatory data within two years of the bill becoming law. It also directs seven of the nine agencies – including the SEC – to issue individual rules adopting the applicable joint standards within two years of the determining standards. Agency-specific rulemaking may scale data reporting requirements to mitigate the burden on small entities and go beyond that which is established by the Proposal. As proposed, the Joint Standards would apply technical standards for data submitted to the specified financial regulatory agencies – or “Collections of Information,” as defined in the Paperwork Reduction Act of 1995 (“PRA”) – including eight common identifiers and a principles-based joint standard regarding the structuring and transmission of data.

¹ Securities and Exchange Commission, Release No. IA-6644 (August 22, 2024), 89 FR 67890 (“Financial Data Transparency Act Joint Data Standards”).

While codifying international data reporting standards in accordance with the FDTA – such as ISO 8601 for data fields, ISO 3166 for countries, and ISO 4217 for currencies – may improve efficiency, some of the other proposed standards, if not already implemented, will likely impact both an entity’s legacy systems, such as the retrieval of data, as well as live systems. For example, Cboe is concerned that the implementation costs incurred through the transition to the new standards could include those associated with revising Cboe’s taxonomic data structures, updating systems, training, and developing controls – in addition to monitoring to ensure compliance.

Specifically, the Proposal establishes the Financial Instrument Global Identifier (“FIGI”) as the identifier for financial instruments over the currently and widely used CUSIP identifier. In making this choice, it is imperative to analyze the costs, risks and potential downsides associated with transitioning away from CUSIP to a new and less-widely utilized and known identifier. This is especially true considering that the CUSIP has been and remains the industry standard in the U.S., oftentimes preferable to the FIGI due to the FIGI’s perceived lack of single identifier fungibility.² Given this, Cboe recommends that the agencies provide additional time for the solicitation of industry feedback on this issue before the proposed identifiers are finalized. Operational risk is also present in data mapping when there are opportunities for error – whether human or technological. This risk manifests in various ways, such as potential data integrity and quality issues that may result in corrupted or inconsistent information, leading to disruption in operations when dependent on data flow. Additionally, data inaccuracies may create security vulnerabilities and undermine reliability, which can affect a company’s reputation. This issue is particularly relevant in the transition from CUSIP, which has a unique identifier for each security across all exchange venues, to FIGI, which can have many different identifiers for the same security traded on each of the exchanges.

In addition to the proposed identifier changes, the Proposal aims to standardize the structuring and transmission of data. While data standardization within a specific entity can sometimes reduce inefficiencies and increase accessibility, such increased accessibility and standardization can potentially increase the chance of data breaches or data misuses. Further, though the Proposal does not promote the creation of taxonomies, subsequent agency-specific rulemakings may impose the creation of specific taxonomies. Without specific guidance, this can result in overlapping complex taxonomic structures. Cboe requests that any final rule provides the necessary clarification to avoid overly complex taxonomic structures in future rulemakings. In a similar vein, standardization without specificity can be disruptive to global harmonization efforts, particularly for multinational financial institutions which may need to comply with conflicting standards across multiple jurisdictions or other relevant standards that may continue to evolve.

The potential for regulatory overlap also exists where existing or proposed rules may be affected by the Joint Standards. It is important the agencies issuing the Joint Standards consider the implications of the recommendations in the full context of their existing regulatory reporting frameworks – especially as they seek to establish their own agency-specific proposals for how the standard identifiers will be utilized.

² See Securities and Exchange Commission, Release No. IA-6546 (March 12, 2024), 89 FR 17984 (“Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers”), at 18019.

Lastly, Cboe is concerned that the Proposal as written lacks sufficient clarity needed to accurately gauge the impact of the final rule. For instance, Cboe suggests that language providing flexibility such as the phrase “where practicable and applicable” should be added throughout the Proposal. For example, there may be instances where an entity is unable to report the LEI if a particular identifier from a reporting firm did not include it or included it erroneously. In that regard, the Joint Standards and any subsequent individual agency rulemakings should provide adequate flexibility and clarity regarding what is in scope under the “collections of information” definition.

Cboe respectfully urges the nine agencies to consider these concerns as the Joint Standards are finalized and again as each of the respective agencies issue their related rulemakings. In doing so, the Joint Standards should also make clear how the intended benefits will outweigh the potential costs. Without this analysis, the fundamental purpose of the Proposal is less clear. It is important that the benefits associated with transitioning the industry to these new data identifiers outweigh the costs and potential risks of doing so.

Cboe encourages the SEC to engage industry members through focus groups or roundtable discussions to better understand the full impact of the proposed data standards and assess any regulatory overlap or conflicting reporting requirements prior to proposing any agency-specific rule adopting applicable joint standards for certain collections of information under the SEC’s purview. Cboe appreciates the opportunity to provide input on the Proposal and welcomes discussing these comments further.

Sincerely,



Angelo Evangelou
Chief Policy Officer
Cboe Global Markets, Inc.