

By Electronic Submission

October 21, 2024

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

**KBRA Comments on Proposed Financial Data Transparency Act Joint Data Standards, File No. S7-2024-05**

Dear Ms. Countryman:

Kroll Bond Rating Agency ("KBRA") welcomes the opportunity to provide comments to the U.S. Securities and Exchange Commission ("SEC") on the proposed joint data standards under the Financial Data Transparency Act of 2022 ("FDTA") (the "Joint Proposal") which would establish technical standards for data submitted to certain financial regulatory agencies.<sup>1</sup> As a credit rating agency ("CRA") and Nationally Recognized Statistical Rating Organization ("NRSRO"), KBRA's core mission is to provide independent, transparent, and thorough credit analysis and research. We support policy and regulatory initiatives that are aligned with these objectives, and welcome efforts designed to align technical regulatory reporting requirements and to reduce associated regulatory burdens. Consistent with the FDTA, we are pleased that the Joint Proposal seeks to: (i) establish a flexible principles-based joint standard for data transmission; and (ii) require that required data be nonproprietary or available under an open license.

KBRA recognizes the value of alignment and interoperability of data submitted across financial regulatory agencies, but it is also essential that the final joint data standards remain principles-based to reduce any unjustified burdens and to minimize disruptive changes.<sup>2</sup> We understand that the Joint Proposal is intended to strike an appropriate balance between these objectives<sup>3</sup>, and we urge the SEC and the other financial regulatory agencies to adhere to this approach in subsequent rulemaking pursuant to the FDTA. We also encourage the financial regulatory agencies to consider ongoing market and technological developments related to data with a view toward implementing standards and regulation that is sufficiently flexible to evolve with the market and that will not require frequent updates or amendments.

One of the most critical aspects of the FDTA is its requirement that any required data be nonproprietary or available under an open license.<sup>4</sup> KBRA urges the SEC and other financial regulatory agencies to carefully evaluate whether proposed identifiers meet the FDTA's

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<sup>1</sup> The additional regulatory agencies include the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission, the Consumer Financial Protection Bureau, the Department of the Treasury, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the National Credit Union Administration, and the Office of the Comptroller of the Currency.

<sup>2</sup> Joint Proposal, Federal Register (Vol. 89, No. 163) at pg. 67895.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at 67894.



requirement that the data be nonproprietary or available under an open license, as well as whether the proposed identifier will continue to be fit for purpose as the field of data standards, data transmission, schemas and taxonomies continues to evolve.<sup>5</sup> Once data standards and regulations are in place, it will be complex and costly for regulated entities to reverse course and implement new systems and processes to accommodate modified data sets. Such an outcome would be at odds with the underlying objectives of the FDTA and can be avoided if the financial regulatory agencies take a deliberate and principles-based approach to the joint data standards.

Thank you for your consideration of our comments on the Joint Proposal. KBRA looks forward to continued engagement with the SEC and the opportunity to provide additional constructive feedback on these important initiatives.

Sincerely,

/S/ Angela Liang  
General Counsel

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<sup>5</sup> *Id.* at 67895.