



asset management group

December 20, 2024

Via Electronic Submission

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve
20th Street and Constitution Avenue, NW
Washington, DC 20551

Christopher Kirkpatrick
Secretary
Commodity Futures Trading Commission
3 Lafayette Centre, 1155 21st Street NW
Washington, DC 20581

FDTA-INTERAGENCY RULE
c/o Legal Division Docket Manager
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

James P. Sheesley
Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Clinton Jones
General Counsel
Federal Housing Finance Agency
9 400 Seventh Street SW
Washington, DC 20219

Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Office of Financial Research
Department of the Treasury
717 14th Street NW
Washington, DC 20220

Chief Counsel's Office
Office of the Comptroller of the Currency
400 7th Street, SW, Suite 3E-218
Washington, DC 20219

Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

**Re: Financial Data Transparency Act Joint Data Standards Under the Financial
Data Transparency Act of 2022
FRB Docket No. R-1837; RIN 7100-AG-79
CFPB Docket No. CFPB-2024-0034; RIN 3170-AB20
FHFA RIN 2590-AB38
Treasury RIN [1505-AC86]
SEC File No. S7-2024-05
CFTC RIN 3038-AF43
FDIC RIN 3064-AF96
NCUA 3133-AF57; Docket No. NCUA-2023-0019
OCC Docket ID OCC-2024-0012**



asset management group

SIFMA,¹ on behalf of its members, would like to thank the Agencies² for the meeting on Thursday, December 12, 2024. We appreciated the opportunity to share our concerns around the proposed approach and wanted to share a summary of the concerns we raised during the discussion and in our prior comment letter on the Proposal.³ SIFMA requests the Agencies reconsider their proposal to adopt the Financial Instrument Global Identifier (“FIGI”) and Legal Entity Identifier (“LEI”) under Section 124 of the Financial Stability Act of 2010, as amended by Section 5811 of the Financial Data Transparency Act of 2022 the Financial Data Transparency Act (“FDTA”).⁴ SIFMA would like to reiterate the points made in our comment letter filed with the Agencies on October 21, 2024.⁵

Specifically, SIFMA strongly urges the Agencies to not select FIGI or any other identifier as a preferred or mandatory standard. We also urge the Agencies to perform a thorough cost-benefit analysis and robust industry engagement process before finalizing the Proposal. Additionally, SIFMA advocates implementing the LEI on a conditional basis, i.e., required only when already in use. Any LEI adoption must allow flexibility in the use of alternative identifiers and ensure no undue burdens are imposed on market participants. This approach would both meet the mandate set forth by Congress⁶ to establish joint data standards for collections of information reported to the Agencies and significantly reduce operational burdens while aligning with regulatory goals of transparency and efficiency.⁷ While the Agencies stated in when meeting with SIFMA on December 12 that they have no plans at this time to make FIGI a preferred or mandatory standard, we want to reiterate our position that the

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate for legislation, regulation, and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

² The Agencies include: the Office of the Comptroller of the Currency (the “OCC”), the Board of Governors of the Federal Reserve System (the “Board”), the Federal Deposit Insurance Corporation (the “FDIC”), the National Credit Union Administration (the “NCUA”), the Consumer Financial Protection Bureau (“the CFPB”), the Federal Housing Finance Agency (the “FHFA”), the Commodity Futures Trading Commission (“CFTC”), the Securities and Exchange Commission (“SEC”), and the Department of the Treasury (“Treasury”).

³ Financial Data Transparency Act Joint Data Standards, 89 FR 67890, Document Number 2024-18415, Pages 67890-67908 (proposed Aug. 22, 2024) (the “Proposal”), See also <https://www.govinfo.gov/content/pkg/FR-2024-08-22/pdf/2024-18415.pdf>

⁴ 12 U.S.C. § 5334(b).

⁵ See, e.g., SIFMA Comment Letter, File No. S7-2024-05, Financial Data Transparency Act Joint Data Standards Under the Financial Data Transparency Act of 2022, October 21, 2024, See also <https://www.sec.gov/comments/s7-2024-05/s7202405-532697-1528602.pdf>

⁶ Title LVIII of the National Defense Authorization Act (“NDAA”) for FY2023, See also https://docs.house.gov/billsthisweek/20221205/BILLS-117hres_-SUS.pdf

⁷ *Id.*



asset management group

Agencies do not select FIGI as a preferred or mandatory standard, and that any future incorporation of the FIGI or other identifiers in rulemaking needs to be grounded in cost benefit analysis and follow a broad industry review of their suitability for purpose.

1. Introduction

The Agencies' efforts to standardize financial data through the FDTA present an important opportunity to enhance transparency, consistency, and interoperability. However, the adoption of new identifiers and data standards must be balanced with careful consideration of operational challenges, cost implications, and market readiness.

2. General Need for Cost-Benefit Analysis

The Administrative Procedure Act ("APA") requires the Agencies to evaluate the economic impact of proposed rulemaking. Under the APA, agency action will be set aside if found to be "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law."⁸ Introducing FIGI as a mandatory or preferred reporting standard or expanding LEI requirements will have significant operational and financial implications for market participants, including remapping data systems, redesigning internal processes, and cross-referencing multiple identifiers. Our members are concerned about the extensive build requirements and technical and operational disruptions the adoption of FIGI would entail. Some firms have initially estimated several hundred initial consuming applications systems could require technology upgrades or development work to support additional identifiers at a substantial cost to those firms with the impact extending beyond reporting into several thousand enterprise operations and data management functions. A detailed cost-benefit analysis is essential to ensure that any proposed standards align with the goals of transparency and efficiency without creating undue burdens. The Agencies have failed to provide a satisfactory explanation for their decision to adopt FIGI as the common identifier and have not identified a problem to be solved or conducted the necessary cost-benefit analysis. The rulemaking process lacks a comprehensive evaluation of the potential effects on the financial industry, given the significant role played by CUSIP and ISIN today.

3. General Need for Industry Engagement Before Adoption of New Data Standards

The adoption of any new data standard must follow a collaborative process involving regulators, industry stakeholders, and international bodies. The establishment of the LEI provides a precedent for such a process,⁹ which included:

⁸ 5 U.S.C. § 706(2)(A).

⁹ Despite the more robust process and industry engagement for LEI, SIFMA notes that LEIs cannot be considered a comprehensive identifier for all entities across size, function, and geographic area, particularly in the case of non-financial entities. SIFMA's recommendations on LEI are described in more detail below.

- **Coordination Among Stakeholders:** The LEI adoption process involved input from regulators, financial market infrastructures, and industry participants across jurisdictions.
- **Technical Review:** Both the characteristics of the LEI and its issuance model underwent rigorous industry review regarding suitability for regulatory and operational purposes, culminating in the LEI becoming International Organization for Standardization (“ISO”) certified (ISO 17442).
- **International Standards:** All data transmission and identification standards referenced in the Proposal other than FIGI have been validated and endorsed by international standards bodies. Below are the ISO and RFC standards¹⁰ for the other data transmission standards referenced in the Proposal:
 - **ISIN:** ISO 6166
 - **UPI:** ISO 4914
 - **CFI:** ISO 10962
 - **Date Format:** ISO 8601
 - **Country and State Codes (GENC Standard):** ISO 3166
 - **Currency Codes:** ISO 4217
 - **LEI:** ISO 17442
 - **XML Schemas:** ISO 20022
 - **XML:** ISO/IEC 19528:2005
 - **JSON:** RFC 8259
- **FIGI lacks industry review and standards adoption:** In contrast, FIGI has not undergone this process of broad industry review and adoption, as is reflected in the numerous comments to the Proposal by SIFMA and others. FIGI lacks international standardization and ISO approval. To date, it has only been adopted as a U.S. standard (X9.145) by the ANSI Accredited Standards Committee X9, and it appears that work on the FIGI under the ISO was cancelled.¹¹

4. FIGI

- **Insufficient review:** FIGI’s inclusion in the proposed rule is premature. Unlike other identifiers (*e.g.*, ISO standards for UPI, CFI, and date formats), FIGI has not been adequately reviewed for this purpose by the industry or standardized by international bodies, nor has the adoption of FIGI and the disruptions this would entail been subjected to cost-benefit analysis. Before any inclusion of FIGI in rulemaking, particularly as a required or recommended reporting standard but even on a voluntary

¹⁰ *Infra* 13.

¹¹ See ISO/IEC CD 24256, Project Cancelled, 30.98, <https://www.iso.org/standard/78221.html>, See also ISO/IEC Directives, Part 1, V01/2024, <https://www.iso.org/sites/directives/current/consolidated/index.html>

basis, the Agencies must assess FIGI's operational suitability for financial reporting and regulatory purposes. The Agencies must also conduct a comprehensive cost-benefit analysis to evaluate its impact on market participants, including costs related to system changes, redundancies, and cross-referencing with established identifiers like CUSIP and ISIN. Additionally, if FIGI were made optional, it would undermine the purpose of establishing a standardized system, as financial instruments could be inconsistently reported using either FIGI or CUSIP, or even have the same instrument reported differently by various broker-dealers. Such inconsistency would pose significant challenges to data aggregation and comparability. Additionally, as we have noted in our original comment letter, FIGI lacks international adoption, with its use being limited to certain markets, such as Brazil, and it is not aligned with the globally accepted ISIN framework. In contrast, CUSIP maintains consistency with ISIN, ensuring broader compatibility and standardization.¹²

- **Operational Challenges and Costs** The mandatory implementation of FIGI poses significant operational and financial challenges for market participants. Transitioning to FIGI would require substantial remapping of data systems, incurring considerable costs for firms and regulators. Financial institutions would need to overhaul internal processes, redesign systems, and retrain staff, particularly as FIGI's structure diverges significantly from established identifiers like CUSIP and ISIN. Additionally, continued coexistence of FIGI alongside established identifiers would create redundancies, necessitating costly cross-referencing and increasing the risk of reporting errors.
- **Suitability and Open-Source Limitations of FIGI:** While FIGI is described as an open-source standard, its practical use depends on supplementary commercial services for data quality, timeliness, and cross-referencing. This dependency introduces additional costs and raises questions about FIGI's suitability as a universal identifier. Its granularity and hierarchical structure may not align seamlessly with the reporting and operational needs of market participants, increasing complexity rather than reducing it.
- **Lack of Cost-Benefit Analysis:** The Proposal does not include a comprehensive cost-benefit analysis, a crucial omission given the transformative impact of this mandate. The APA requires regulators to thoroughly evaluate the implications of such changes. A detailed analysis of operational impacts, cross-referencing requirements, and long-term costs is necessary to assess whether FIGI's purported benefits outweigh its substantial burdens.

5. LEI Recommendations

- **Review LEI Expansion at the Agency Level:** While the LEI is an internationally recognized standard, its mandatory adoption raises practical challenges. Many smaller

¹² *Supra* 5.

issuers and non-U.S. entities do not currently use LEIs, and imposing requirements on reporting institutions to obtain LEIs for counterparties or clients would create disproportionate burdens. Mandating their use would impose disproportionate costs on these entities, potentially driving activity away from regulated markets. Handling any future expansion of LEI usage at the agency level would allow for targeted proposals which can reflect the unique facts and circumstances of market segments where LEI adoption remains low.

- **Ensure Flexibility:** LEI-related rulemaking should allow flexibility in the use of alternate identifiers. LEI rulemaking should also avoid placing obligations on financial institutions to obtain or maintain LEIs for clients or counterparties that do not have them.
- **Address Challenges Posed by a Disconnect Between Reporting Requirements and LEI Adoption:** Any rulemaking to establish the LEI as a data standard in regulatory reporting must take into account areas where regulated entities are dependent on the actions of their clients and counterparties who may be outside the Agencies' regulatory remit. Rulemaking must be clear that the responsibility for obtaining and maintaining an LEI lies with the entity itself, not with a regulated financial institution that is its client or counterparty, and that financial institutions should not be penalized when their clients and counterparties fail to obtain an LEI or have allowed it to lapse. Clear guidelines on responsibility for obtaining and maintaining LEIs are needed, along with allowances for alternative identifiers where LEIs are unavailable or have not been or cannot be obtained and maintained.

6. Other Data Standards and Transmission Formats

The Agencies propose several data standards and formats that have undergone rigorous international standardization processes, such as ISIN (ISO 6166), UPI (ISO 4914), CFI (ISO 10962), Date Format (ISO 8601), Country Codes (GENC/ISO 3166), Currency Codes (ISO 4217), XML Schemas (ISO 20022), and JSON (RFC 8259).¹³ These standards' international acceptance and proven reliability stand in stark contrast to FIGI's lack of ISO certification and limited review process,¹⁴ highlighting the need for caution in FIGI's adoption. SIFMA urges the Agencies to consider:

- **Costs:** Implementing new formats can be costly, especially for firms with legacy systems.
- **Flexibility:** Different data types require varying formats; simpler data may use CSV, while complex data may need XBRL. As such, SIFMA recommends allowing flexibility in choosing the appropriate format based on the nature of the data being reported.

¹³ See ISO Popular Standards, <https://www.iso.org/popular-standards.html>, See also Internet Engineering Task Force, RFC 8259, <https://datatracker.ietf.org/doc/html/rfc8259>

¹⁴ *Supra* II.

- **Compatibility:** New formats must align with existing systems to avoid disruptions.
- **International Standards:** Maintaining ISO standards ensures consistency internationally and reduces operational burdens.

7. Conclusion

SIFMA Recommendations:

1. **Do Not Include FIGI:** SIFMA strongly urges the Agencies do not select FIGI or any other identifier as a preferred or mandatory standard. Rather the agencies should retain existing identifiers such as CUSIP and ISIN.
2. **Limit LEI Requirements:** SIFMA advocates implementing the LEI on a conditional basis, *i.e.*, required only when already in use. Any LEI adoption must allow flexibility in the use of alternative identifiers and ensure no undue burdens are imposed on market participants. The Agencies should phase in LEI mandates selectively, targeting areas where benefits clearly outweigh costs. Provide exemptions or alternatives for entities that would face significant challenges in adapting to LEI adoption.
3. **Conduct Thorough Analysis:** Perform a detailed cost-benefit analysis and suitability assessment to evaluate the impact of FIGI and the identifiers mentioned in the Proposal on diverse market participants and systems as required by the APA.
4. **Ensure Flexibility:** Design data standards with sufficient flexibility to accommodate international practices and minimize disruptions. Design data standards that promote interoperability while minimizing operational burdens.

Thank you for the Agencies' reconsideration of this important matter. We urge the Agencies to reconsider these recommendations to promote a balanced and effective regulatory framework. SIFMA remains committed to supporting efforts that enhance regulatory transparency and efficiency while ensuring balanced and pragmatic implementation of data standards.

Sincerely,



Stephen Byron
Managing Director
Head of Operations, Technology, Cyber & BCP
SIFMA



asset management group

A handwritten signature in blue ink that reads "LKeljo".

Lindsey Weber Keljo, Esq.
Head – Asset Management Group
Securities Industry and Financial Markets Association