

Submission of Public comments on S7-2024-05 - Financial Data Transparency Act Joint Data Standards

Submitted by

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Comments:

Thank you for the opportunity to provide comments on the proposed joint data standards under the Financial Data Transparency Act (FDTA). As someone with a keen interest in how regulatory compliance requirements are met by financial institutions, this proposal to promote financial market transparency and innovation with a very positive intent is exciting and i believe it will improve the effectiveness of all regulatory compliance efforts globally for all stakeholders.

Transparency in financial data is not just a regulatory need—it's a critical enabler of trust, fairness, and efficiency for global investors and markets. The SEC's proposal reflects the potential to modernize how financial data is managed, shared, and analyzed and the benefits are all well-known. However, the journey toward implementing these ambitious goals can be challenging without refinements that balance the three cornerstone elements of transparency, cost efficiency, and inclusivity.

Key Suggestions for Refinement

1. A Phased Transition for Diverse Stakeholders:

a) Timeline Flexibility for Smaller Institutions: Smaller market participants may struggle with the significant costs of transitioning to new standards. I recommend a phased approach where larger, better-resourced firms implement the changes first, allowing smaller firms more time to prepare and learn from early adopters' experiences.

b) Technical Roadmaps: Provide detailed implementation roadmaps with milestones for different types of market participants, ensuring clarity and reducing uncertainties during the transition.

2. Mitigating Costs for Market Participants:

a) Subsidies and Partnerships: Encourage public-private partnerships where industry groups or government programs can subsidize technology upgrades, particularly for small- and medium-sized entities. The Financial Stability Oversight Council (FSOC) could coordinate this effort by leveraging industry funding pools.

b) Technology Reuse: Allow continued use of existing identifiers like CUSIP for a defined period to reduce immediate compliance costs. Explore hybrid models that enable compatibility

between CUSIP and new standards such as the Financial Instrument Global Identifier (FIGI) until full adoption.

3. Enhancing Identifier Flexibility and Global Alignment:

a) Preserve Options: Rather than mandating a single standard like FIGI, allow stakeholders to choose from multiple globally recognized identifiers (e.g., ISIN, CFI). This approach can prevent over-reliance on a single provider while aligning with international practices while addressing a lot of the already received feedback of concentration and dependance on one entity

b) Harmonization with Global Standards: Work closely with international regulators to ensure that U.S. standards align with those in major global markets, minimizing duplication or divergence for firms operating across jurisdictions. This is a major factor for almost all major financial institutions today

4. Promoting Data Usability and Quality:

a) Machine-Readable Metadata: Ensure that machine-readable metadata fully captures regulatory context, enabling seamless integration with financial firms' existing data systems. Consider publishing standardized taxonomies and schemas that market participants can adopt easily.

b) Open-Source Toolkits: Provide free, open-source toolkits for smaller participants to adopt the new standards, including validation tools, reference libraries, and example datasets.

The SEC, as the steward of the world's largest capital market, is uniquely positioned to lead in setting global standards for financial data transparency. The technological and operational tools now available offer an unprecedented opportunity to achieve this vision. While there will always be challenges, I believe these can be addressed by working closely with industry stakeholders, ensuring phased and equitable implementation, and minimizing unintended burdens.

This proposal has the potential to set a gold standard for financial data management globally. Thank you for considering these comments.

Kind regards

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