

MEMO# 28734

February 13, 2015

ICI Global Comments on FSB Consultation on the Collection of Securities Financing Data

[28734]

February 13, 2015

TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 4-15
ICI GLOBAL SECURITIES LENDING & REPO TASK FORCE No. 2-15
INTERNATIONAL MEMBERS No. 8-15
MONEY MARKET FUNDS ADVISORY COMMITTEE No. 8-15
SEC RULES MEMBERS No. 10-15 RE: ICI GLOBAL COMMENTS ON FSB CONSULTATION ON THE COLLECTION OF SECURITIES FINANCING DATA

As you know, the Financial Stability Board recently published a consultation on the regulatory reporting of data on three types of securities financing transactions: repos, securities lending, and margin lending. [\[1\]](#)

ICI Global submitted the attached comment letter in response. The letter is largely supportive of the FSB's basic concept and framework for reporting aggregated data to the FSB. The letter, however, also expresses a number of concerns and makes several additional points:

- The consultation is overly ambitious. The draft letter expresses "serious reservations" about the scope of the FSB's proposed data collection, and reiterates our recommendation that the FSB should reconsider whether each data element is necessary to fulfill the purposes for the data collection.
- Data elements should be further refined. The letter supports the concept that, to the extent possible, reporting should be based on standard data identifiers such as LEIs and ISINs. The letter points out that given those standard identifiers, regulators may not need to collect certain other fields of information.
- Flexibility at the national level is critical. The letter fully supports the FSB's express recognition that data collection at the national or regional level could be collected in different ways to avoid unnecessary duplication and costs. In particular, the letter supports the possibility that data could be collected from sources other than the counterparties to the trade.
- Regulators, including the FSB, should have their own data security in place. The letter recommends that the FSB take a much stronger position on data security. It

recommends that the FSB have, and that it recommend each national and regional regulator have, appropriate systems and procedures in place to ensure the confidentiality and security of data collected before requesting it from market participants.

- Aggregated data should be made public. The letter strongly recommends that the FSB make its global aggregated data public.

The FSB should conduct a robust economic analysis. The letter reiterates our long-standing comments that regulators should demonstrate that a proposal's costs and burdens are justified in light of the nature and extent of the benefits that will be achieved. The letter recommends that the FSB follow that path, noting that we would like to see the FSB take a more proactive role in designing its recommendations with the burdens on reporting entities in mind, and the understanding that national and regional regulators must take account of those costs when implementing the FSB's recommendations.

Next Steps

By the end of 2015, the FSB expects to revise the proposed standards and processes in light of comments on the consultation and develop a timeline for the implementation of the global data collection and aggregation. The consultation suggests that the FSB might conduct a pilot exercise with a significant number of reporting jurisdictions before adopting a final template for national/regional authorities to use in their reporting of aggregates to the FSB.

Robert C. Grohowski
Associate General Counsel

[Attachment](#)

endnotes

[1] Financial Stability Board, Standards and Processes for Global Securities Financing Data Collection and Aggregation (November 13, 2014), available at <http://www.financialstabilityboard.org/wp-content/uploads/Global-SFT-Data-Standards-Consultative-Document.pdf>. See ICI Memorandum No. 28547 (December 2, 2014).