

MEMO# 35886

October 21, 2024

ICI Submits Comment Letter on Financial Data Transparency Act: Proposed Joint Data Standards

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TO: Accounting/Treasurers Committee
Equity Markets Advisory Committee
Municipal Securities Advisory Committee
Operations Committee
SEC Rules Committee
Securities Operations Advisory Committee
Small Funds Committee SUBJECTS: Compliance
Financial Stability
Intermediary Oversight
Investment Advisers
Operations
Privacy
Risk Oversight
Technology & Business Continuity RE: ICI Submits Comment Letter on Financial Data Transparency Act: Proposed Joint Data Standards

On October 21, 2024, ICI submitted the attached comment letter to nine federal agencies (the "Agencies"),^[1] including the Securities and Exchange Commission, on their proposal^[2] to jointly establish data standards for collections of information reported to the Agencies under the Financial Data Transparency Act of 2022 ("FDTA").^[3] The Agencies propose to require, among other things, that financial entities utilize a common nonproprietary legal entity identifier ("LEI") that is available under an open license for information reported to each Agency.^[4] In addition to the LEI, the Proposal identifies the Financial Instrument Global Identifier ("FIGI")^[5] as the proposed common identifier for financial instruments. The SEC proposed the joint standards on August 2nd, please see the ICI memo summarizing the Proposal here: <https://www.ici.org/memo35808>.

ICI understands and supports the Agencies', including the Commission's, efforts to establish standardized, open-access identifiers and appreciate the potential such joint standards have to enhance transparency, access, flexibility, innovation, and efficiency within the

financial industry. However, our letter raises several concerns regarding the Proposal that we hope the Agencies will address in order to properly achieve the objectives of the FDTA.

In summary, our comment letter respectfully recommends that before proceeding with any final rulemaking, the Agencies, including the Commission, should consider the following concerns regarding the Proposal, and the proposed adoption of FIGI as the exclusive financial instrument common identifier:

1. The Proposal lacks any cost-benefit analysis and therefore fails to consider significant costs associated with the adoption of FIGI;
2. The Agencies have not adequately consulted with industry in issuing the Proposal;
3. FIGI is not truly under an open license;
4. FIGI is nonfungible and raises "many to one" operational concerns; and
5. The Agencies' should consider allowing for an alternative identifier to FIGI.

Further, while the majority of our concerns raised in our letter relate to FIGI and the manner in which the Proposal seeks to put FIGI forth as the exclusive financial instrument common identifier, we raise concerns regarding the Agencies' proposal to establish the LEI as the legal entity identifier joint standard.

Mitra Surrell
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Notes

[1] The nine Agencies are the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Consumer Financial Protection Bureau, the Federal Housing Finance Agency, the Commodity Futures Trading Commission ("CFTC"), the Securities and Exchange Commission, and the Department of the Treasury.

[2] See Financial Data Transparency Act Joint Data Standards, Rel. Nos. 33-11295; 34-100647; IA-6644; IC-35290; File No. S7-2024-05, 89 Fed. Reg. 67,890 (Aug. 22, 2024) (the "Proposal"), available at <https://www.govinfo.gov/content/pkg/FR-2024-08-22/pdf/2024-18415.pdf>.

[3] Pub. L. 117-263, title LVIII, 136 Stat. 2395, 3421 (2022) (adding, among other things, a new section 124 of the Financial Stability Act of 2010, which is codified at 12 U.S.C. 5334 ("Section 124")).

[4] The Agencies propose to establish the International Organization for Standardization (ISO) 17442-1:2020, Financial Services - Legal Entity Identifier (LEI) as the legal entity identifier joint standard. See ISO 17442-1:2020, Financial services - Legal Entity Identifier (LEI), INTERNATIONAL ORGANIZATION FOR STANDARDIZATION, available at <https://www.iso.org/standard/78829.html>.

[5] FIGI was established by the Object Management Group, which is an open-membership standards consortium. The FIGI is an international identifier for all classes of financial instruments, including, but not limited to, securities and digital assets. See Standard Symbology for Global Financial Securities, OBJECT MANAGEMENT GROUP, available at <https://www.omg.org/figi/>. Bloomberg L.P. irrevocably contributed its FIGI intellectual

property to Object Management Group in 2015 and continues to function as a registration authority for FIGI issuances.

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