



Enterprise Data Management Council

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EDM Council Response to the Financial Data Transparency Act (FDTA)

Joint Proposed Rule

October 21, 2024

Opening Comments:

The EDM Council (EDMC) is the global non-profit professional trade association created to elevate the practice of data management and analytics as a business and operational priority. The Council is the leading, global advocate for the development and implementation of data standards, best practices and comprehensive training and certification programs. With over 380 organizations from the Americas, EMEA and Asia, and over 25,000 data management professionals as members, EDM Council provides a venue for data professionals to interact, communicate, and collaborate on the challenges and advances in data management and analytics as critical organizational functions. (For more, visit <https://edmcouncil.org/>.) The EDMC is honored and privileged to provide comments to the FDFTA Joint Proposed Rule.

The EDM Council expresses their admiration for the work done by the financial regulatory community in developing and finalizing the FDFTA. This was no small task to coordinate across the many key agencies that were involved. The passage of the FDFTA will be an important step in driving operational efficiency and increasing public sector analytic capabilities thru the adoption of information standards.

The 'value' of data dramatically increases when data adheres to universal information standards. Standards adoption will drive clarity, transparency and trust in the data collected. It will enable analysts to perform advanced analytics thru the use of data architecture techniques needed to uncover critical linkages in the data needed to help decision makers make better, more informed decisions. And better decisions based on better data will help the regulatory community achieve its mission to provide safety and soundness in our financial system.

Response(s) to the standards proposed by the FDFTA

II. Proposed Joint Rule - B. Legal Entity Identifier

- *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.*

The EDM Council, as a neutral professional trade association that advocates for data standards, strongly supports the FTDA's position to establish ISO 17442 (LEI) as the legal entity identifier. Speaking from a personal perspective, before my position as President of the EDM Council, I held the role of Chief Data Officer for the Federal Reserve Bank of New York and concurrently, held the role of Head of Data Management for the U.S. Department of the Treasury's Office of Financial Research (OFR). In this capacity, I had the privilege of being the lead author of the 'Linchpin Paper' - *Creating a Linchpin for Financial Data: The Need for a Legal Entity Identifier*, along with my co-



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author, Linda Powell, then Chief, Micro Statistics Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System.

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1723298

Together with representatives from the CFTC, FDIC, FIRA, SEC and Treasury, the Linchpin paper proposed the creation of the Legal Entity Identification as the critical component in measuring and monitoring systemic risk.

Industry was in the throes of the financial crisis. The Lehman collapse on September 15, 2008, created significant turmoil in the industry. Financial institutions had to quickly assess their exposure to this financial contagion event. Most major financial institutions had internal legal identification schemes, but the lack of a universal entity identifier and identification of legal entity to sub-entity relationships hampered the ability of key decision makers to respond, especially the regulatory community that needed to quickly aggregate data coming from a multitude of financial firms. LEI will give the industry the information infrastructure it needs to answer this call going forward.

II. Proposed Joint Rule – C. Other Common Identifiers

- *For reporting of swaps and security-based swaps, the Agencies propose to establish ISO 4914 – Financial services — Unique product identifier (UPI).*
- *For other types of financial instruments, the Agencies propose to establish ISO 10962 — Securities and related financial instruments — Classification of financial instruments (CFI) code. The UPI and CFI are complementary identifiers and provide a taxonomic classification system for financial instruments. These identifiers are useful for aggregating data and increasing global transparency, which is beneficial in certain financial markets such as swaps, forwards, and non-listed options.*
- *For an identifier of financial instruments, the Agencies propose to establish the Financial Instrument Global Identifier (FIGI) established by the Object Management Group, which is an open-membership standards consortium.*
- *For date fields, the Agencies propose to establish the date as defined by ISO 8601 using the Basic format option (which minimizes the number of separators).*
- *For identification of a State, possession, or military “state” of the United States of America or a geographic directional, the Agencies propose to establish the U.S. Postal Service Abbreviations.*
- *ISO 3166, “Codes for the Representation of Names of Countries and their Subdivisions*
- *For identification of currencies, the Agencies propose to establish the alphabetic currency code as defined by ISO 4217 Currency Codes*

Consistent with the EDM Council’s position and advocacy for data standards, the EDMC supports the proposal to utilize the existing ISO standard identifiers as listed above.

Additionally, the EDMC supports the FDTA’s proposal to establish the Financial Instrument Global Identifier (FIGI) as an international identifier for all classes of financial institutions. Other industry identifiers, such as CUSIP, and ISIN, are still in use by industry and provide critical efficiencies to industry as well. Together these identifiers can and are being used to drive transparency and enable efficiency in financial transactions and reporting.

II. Proposed Joint Rule – D. Data Transmission and Schema and Taxonomy Format Standards

Standardizing the way in which information is transmitted to the Agencies can promote the interoperability of that information. A high-quality machine-readable description of semantic meaning of a data asset ensures that the specific meaning remains clear as the data asset is transmitted to multiple parties

Specifically, the proposed properties would be that the data transmission and schema and taxonomy formats will, to the extent practicable:

- *Render data fully searchable and machine-readable*
- *Enable high quality data through schemas, with accompanying metadata documented in machine-readable taxonomy or ontology models, which clearly define the semantic meaning of the data, as defined by the underlying regulatory information collection requirements, as appropriate*
- *Ensure that a data element or data asset that exists to satisfy an underlying regulatory information collection requirement be consistently identified as such in associated machine-readable metadata*
- *Be nonproprietary or available under an open license.*

The Agencies could adopt new open-source file formats as they are developed, and maintain consistency with the joint standards, provided that the new formats have the listed properties. The Agencies could adopt new open-source file formats as they are developed, and maintain consistency with the joint standards, provided that the new formats have the listed properties

In addition to the identifiers that have been identified and supported by the EDMC, the ability to bring them together in a cohesive model that can support interoperability across silos and organizations is paramount.

FIBO – The Financial Industry Business Ontology, was developed for this purpose. FIBO was developed in collaboration with industry. FIBO is an MIT-License, open-source freely available standards-based ontology that provides common vocabulary for financial contracts, issuers, counterparties and transactions, standardized by the **Object Management Group (OMG)**.

FIBO has been used by most of the largest and many mid-sized institutions worldwide and covers all of the identifiers mentioned in the FDITA notification, using standard patterns for representing identifiers based on ISO and other metadata standards. This includes the FIGI standard, fully aligned to the FIBO Commons ontologies.

Several FSOC members, including FDIC and some Federal Reserve banks, have worked with FIBO over the years and have asked for extensions to be built.

In addition to identifier support, FIBO

- Facilitates data privacy, counterparty exposure and risk analysis, KYC, AML, and many other use cases.
- It provides the underlying schema and logic needed to support new kinds of analyses, including but not limited to machine learning, natural language processing, use of generative AI and large language models
- And other capabilities such as cashflow analysis based on the algorithmic approach to contract representation as defined in the ACTUS analytic standard (<https://www.actusfrf.org/>)



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As a free, open-source mode, FIBO has enjoyed contributions and utilization by many significant players in finance. Some examples of this are as follows:

- *Bloomberg LP*: Assisted in alignment with the FIGI, securities with Bloomberg Open Symbology
- *Bureau of Labor Statistics (BLS)*: Assisted in the development of quantities and units, statistics, indices and indicators
- *Commodities Futures Trading Commission (CFTC)*: Assisted in build-out of FIBO derivatives, in particular swaps and options
- *Franklin Templeton*: Demonstrated an implementation at an industry conference a number of years ago in securities master data
- *GoldenSource (Master Data Management Company)*: incorporated FIBO into their Security Master Data platform
- *Goldman Sachs*: Used elements of FIBO in their internal securities master data
- *Mizuho*: Utilized FIBO in their Security Master Data platform, focused on derivatives
- *National Institute of Standards and Technology (NIST)*: Assisted in the development of quantities and units, statistics, other foundational concepts including those contributed to the Object Management Group (OMG)'s Commons Ontology Library
- *Government Accountability Office (GAO)*: have leveraged FIBO in developing internal ontologies.
- *Office of Financial Research (OFR)*: Assisted in development of FIBO loans
- *Statistics Canada*: Assisted in the development of quantities and units, statistics, indices and indicators
- *Federal Deposit Insurance Corporation (FDIC)*: Incorporated FIBO into their enterprise data architecture and are currently evaluating extending FIBO to include digital currencies

Consultancies have utilized FIBO, including Accenture, Crown Point, Enterprise Knowledge, Exprentis, HP Enterprise, E&Y, Semantic Arts, Semantics / knowledge graph organizations space have implemented FIBO for their clients.

Vendors including Amazon, OntoText, Oracle, Oxford Semantics (recently acquired by Samsung), Stardog Union ... have implemented FIBO for customers

The EDMC feels strongly that adoption of this open-source, free standard would be of significant benefit to industry and completely satisfy the requirements of the FDTA. We believe that the use of FIBO, in adherence to the specific proposed properties defined in the preamble of section "D" (page 32) would be the ideal data standard to drive efficiency in regulatory reporting and drive advanced financial analysis. We welcome participation of FSOC members in revising and extending FIBO to meet regulatory needs and would be delighted to provide more information and demonstrations on request.

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