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From: Jordan, Roger J. [Redacted]
Sent: Monday, October 21, 2024 4:32 PM
To: Comments
Cc: Magruder, Justin S.
Subject: [Redacted] August 22, 2024 Financial Data Transparency Act Joint Data Standards; Comment Request (RIN 3064-AF96)
Attachments: SAIC comments on FDTA PR FinalV2.pdf

[Redacted]

Please see that attached comments from SAIC regarding the Financial Data Transparency Act Joint Data Standards.

v/r

Roger Jordan | Government Affairs

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[REDACTED]

October 21, 2024

Re: Comments on the Financial Data Transparency Act Joint Data Standards Proposed Rule

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

Re: Docket ID OCC-2024-0012; Financial Data Transparency Act

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

Re: Docket No. R-1837 and RIN 7100-AG-79

FDIC: James P. Sheesley, Assistant Executive Secretary, Attention: Comments/Legal OES (RIN 3064-AF96), Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429

Re: RIN 3064-AF96

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

Re: Docket Number NCUA-2023-0019, RIN 3133-AF57

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

Re: Docket No. CFPB-2024-0034, RIN 3170-AB20

FHFA: Clinton Jones, General Counsel, Attention: Comments/RIN 2590-AB38, Federal Housing Finance Agency, 400 Seventh Street SW, Washington, DC 20219

Re: RIN 2590-AB38

CFTC: Christopher Kirkpatrick, Secretary of the Commission, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington, DC 20581

Re: RIN number 3038-AF43



SEC: Vanessa A. Countryman, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090

Re: S7-2024-05

Treasury: Chief Counsel's Office, Attention: Comment Processing, Office of Financial Research, Department of the Treasury, 717 14th Street NW, Washington, DC 20220

Re: RIN 1505-AC86

Dear Members of the Federal Financial Community;

On behalf of Science Applications International Corporation (SAIC) we welcome the opportunity to provide our following comments concerning the Financial Data Transparency Act (FDTA) of 2022 Joint Data Standards Proposed Rule published in the Federal Register on August 22, 2024.

SAIC® is a premier Fortune 500® technology integrator driving our nation's technology transformation. Our secure high-end solutions across the defense, space, civilian and intelligence markets include engineering, digital, artificial intelligence and mission solutions. Headquartered in Reston, Virginia, SAIC has approximately 24,000 employees and annual revenues of about \$6.9 billion.

At SAIC, we understand the critical importance of transparency, accuracy, and accessibility in financial data as integral components for the functioning of our federal financial system. The FDTA represents a significant step forward in standardizing and opening financial data across government entities, fostering a landscape where interoperability and efficiency are not only desired but achievable. We commend the efforts made towards the establishment of a standardized framework for reporting, sharing, and utilizing financial data that aims to support the integrity and functionality of the domestic and global financial markets infrastructure. As an organization that has been at the forefront of leveraging technological advancements for government services, SAIC is uniquely positioned to appreciate the opportunities that such a framework offers in terms of innovation, risk management, and improved service delivery, to improve the citizen experience.

SAIC supports our government and the federal financial community as it develops the best possible response to the requirements of the FDTA. SAIC urges Financial Stability Oversight Council (FSOC) agencies to consider alternatives that will ensure it finds the most effective, economical implementation of the Act for both government and industry. We suggest it consider guidance from the holistic, extensible financial markets data architecture developed by industry that has been implemented at most of the major

US-based and international investment banks, commercial banks, credit unions, institutional investors, issuers of securities, market utilities, and market data vendors.



SAIC's experience with data management, analytics, data standards, market data and open data, and the integration of complex systems, combined with our commitment to supporting government transparency and accountability, enables us to provide valuable perspectives on the operationalization of the FDTA.

Specifically, SAIC offers the following feedback:

1. LEI is a good standard framework for legal entity identification but is not sufficient and should be extended and enriched.

The current LEI is a good framework for financial market participants who would self-register to participate in US markets. The LEI framework can be extended to cover millions of other organizations that participate in financial markets but are not covered by FSO agency regulations intended for organizations in North American Industrial Classification System (NAICS) Finance and Insurance Sector 52. We recommend supplementing the LEI with a completely open method and ISO standard framework like that which SAIC demonstrated during the [Data Foundation's FDTA PitchFest in December 2023](#) (SAIC's presentation can be seen at 1:52:30). By extending the potential for LEI registrations using validated open identifiers sourced directly from government registrars, the LEI would be able to extend its coverage by several orders of magnitude.

2. The recommended Reference Data standards are good, but inclusion of several other standards would improve transparency.

The five recommended standard reference data sets are appropriate, including the ISO 10962 Classification of Financial Instruments, ISO 8601 Dates, U.S. Postal Service state abbreviations, U.S. BGN three-letter country codes (rather than or in addition to ISO 3166 I&2), and ISO 4217 Currency Codes.

We also recommend inclusion of ISO 10383 codes for exchanges and market identification (MIC), the ISO 20022 universal financial industry message scheme, and the widely accepted global protocols developed by industry for exchanging market information across organizational boundaries, FIXML (Financial Information eXchange Markup Language) and FpML (Financial products Markup Language).

3. The proposed rule is incomplete and should be rationalized to provide a complete view of financial markets data architecture.

The legal entity and instrument identifiers are just the first of many additional identifiers and data elements needed to rationalize the FDTA rules and requirements. Markets and data architects learned long ago not to "overload" data stored in key values, but instead, to build relationships between entities. Relationships enforce data integrity, eliminate redundancy, and improve enforcement of business logic, consistency, and scalability, among other benefits.



The Federal Financial community should develop an end-to-end logical data architecture and governance framework to handle each of the Epic Use Cases. The Act states that the FSOC agencies should "include common identifiers for collections of information reported to covered agencies or collected on behalf of the Council, which shall include a common nonproprietary legal entity identifier that is available under an open license for all entities required to report to covered agencies." This suggests that the rules should be enhanced to provide more detail about relationships between the entities, LEI, and the instrument or trading line, whether OpenFIGI, ISIN, CUSIP, or something else like SEDOL, Valoren or RIC.

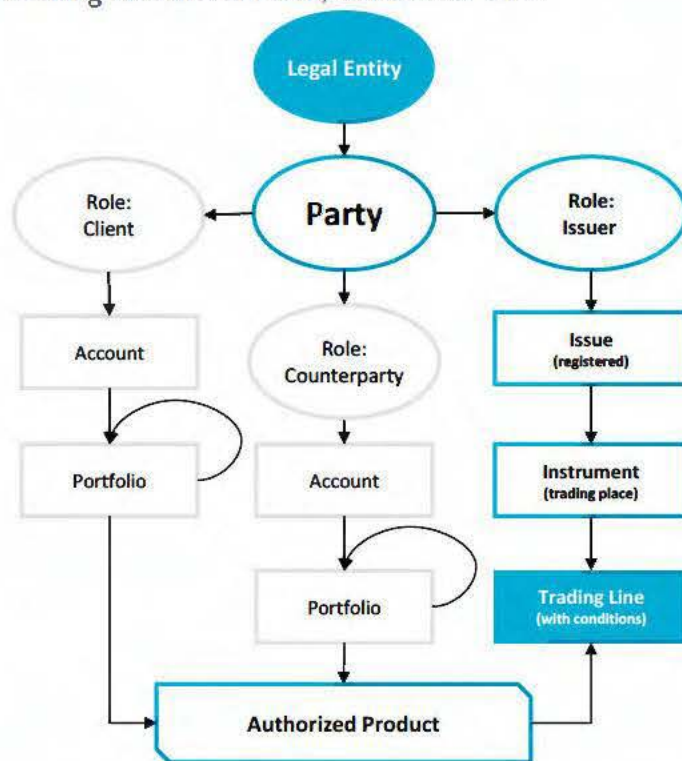
There is a significant gap between the proposed legal entity identifier, the LEI, at the top of the hierarchy and the proposed instrument level identifier, the FIGI, at the bottom. Each of the proposed standard identifiers, and the proposed reference data, has embedded, implied dependencies.

Over the past 30 years, bulge bracket and regional banks, investors, market utilities, and data vendors have developed enterprise data architectures, like that expressed in this conceptual model depicted above, that can be used to implement a central repository for automated capture, cleansing, and distribution of asset indicative data, including many symbologies, technical and fundamental content, and history.

Combined with protocols such as FIXML and FPML, models like this one present a framework for establishing and maintaining data quality and consistency across multiple regulatory and operational functions and systems, and for sharing the data across organizational boundaries. It is a model for a "container" for data products or a data service that can hold the universe of securities and instruments

issued by issuers in government and industry that are described by the CFI, as well as enabling rationalization of all, global legal entity, issue, market and instrument identifiers, and their related attributes. This last point is important, as every market and regulatory regime around the world has its own identifiers and schema for financial market operations.

This objective is to be able to support all functions of each agency, including the oversight of issuers, investors, banks, investment firms and industry utilities, including regulatory and AML surveillance, KYC quality, signal generation and reporting for order management and trading, clearing and settlement,





valuation, back-office processing, risk management, collateral management, internal and external ratings, and time-series views of pricing.

To illustrate the logical problem, the LEI for International Business Machines (ticker IBM, RIC IBM.N) lists 345 ISIN's, such as US45920QCE26. OpenFIGI lists 782,387 FIGIs for IBM. There is no data in either "data product" with which to map them together. Typically, data architects would include ISO 10383 Market Identification Code (MIC) and market-specific condition codes, CFI codes, Issuer, Issue and Instrument identifiers, and other information necessary to connect the logical entities. For instance, the NYSE has 12 MICs and 26 condition codes that can be used in a variety of combinations to result in different closing prices for the same instrument on any day creating as many as thousands or hundreds of thousands of trading lines for each security. Without those codes, and with only 13 freely available, open fields, FIGI is a primary key, a hook, into the expensive, fee-labile vendor terminals and bulk data products that bring thousands or even tens of thousands of additional related fields needed to make the instrument identifier usable.

These concepts, this big "core" of the data architecture implied by the proposed rule, are missing. We recommend further study and evaluation of market structures before completing the rule-making process.

4. The FSOC community can learn from the history of new standards-based identifiers.

There are many "legal entity identifiers" issued by federal, state, and local governments and some work better than others. This is an opportunity to develop an all-of-government solution, rather than introduce yet another new identifier that must be mapped to GSA's UEI, the SEC's CIK, the IRS Employer or Taxpayer Identification Number, the USDA (ZFDU) and non-USDA (ZFDN), the State of Texas Vendor Identification Number, or even the UK's Company Number, among thousands of other key values. We suggest supplementing the LEI with an open, natural identifier sourced from global government registrars from ISO 3166 1 and 2 jurisdictions, as described by the ISO 8000 series, to simplify validation and scalability and enable transparency.

5. OpenFIGI is not an appropriate standard for the primary instrument level identifier.

It is not apparent what data strategy could enable agencies and market participants to effectively relate LEI with FIGI and manage daily operations without undo financial burden (see the illustration in #3). As currently structured, the FIGI recommendations in the Proposed Rule would cause a massive financial burden on industry as well as state and local, and international government bodies without providing return on investment. The real value proposition for government and industry would be to find a method to link all the data logically and physically without imposing huge costs on millions of market participants around the world. Moreover, reliance on FIGI fails to comply with FDIA statutory language requiring solutions to be open source and non-proprietary.

We recommend the FSOC agencies start at the top of the architecture and work its way down.

Thank you for considering our viewpoints. We look forward to a continued dialogue with the community to enhance the effectiveness and reach of the Financial Data Transparency Act.



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Sincerely,

Justin S. Magruder, Ph.D.
Vice President, Chief Data Officer
Science Applications International Corporation (SAIC)