

October 21, 2024

Submitted Electronically

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Re: Docket ID OCC-2024-0012; FRB Docket No. R-1837 and RIN 7100-AG-79; FDIC RIN 3064-AF96; 3133-AF57; Docket No. CFPB-2024-0034; FHFA RIN 2590-AB38; CFTC RIN 3038-AF43; SEC File No. S7-2024-05; RIN 1505-AC86.

Dear Agency Representatives:

The International Swaps and Derivatives Association, Inc. (“ISDA”)¹ appreciates the opportunity to submit these comments on the Financial Data Transparency Act Joint Data Standards published in the Federal Register by several U.S. federal agencies (collectively, the “Agencies”) on August 22, 2024 (“Proposal”).² We strongly support the Agencies’ efforts to establish joint data standards and promote interoperability of financial regulatory data. In this regard, we believe that utilizing the Common Domain Model (“CDM”) is a key and necessary step in facilitating the adoption and implementation of common data standards and would achieve the Agencies’ stated goals of enhancing the interoperability of financial regulatory data.

The CDM is an existing standardized, machine-readable, machine-executable, open-source data model that represents financial products, trades in those products, and the lifecycle events of those trades. The CDM is an open-source model hosted by the [Fintech Open Source Foundation \(FINOS\)](#), a directed fund under the Linux Foundation.

Critically, the CDM meets the Proposal-stated requirements for a data standard, in that it is non-proprietary — the model is developed through the [community specification](#) open governance process, and underlying code assets are released under the [Community Specification License 1.0](#) guided through a cross-industry collaboration between FINOS, ISDA, ICMA and ISLA, thereby ensuring that standard taxonomies, definitions, and best practices are adhered to by contributors. In addition, the CDM already includes common non-proprietary identifiers such as the LEI (i.e., the CDM already makes use of existing data standards such as LEI for identification of parties). Its underlying code assets are open to consume and/or contribute to via the standard Apache 2.0 Open Source licence. The CDM is available in multiple distribution languages, but is most commonly distributed and consumed as JSON and Python.

The CDM is built according to a set of design principles that include the following concepts:

- **Normalization** through abstraction of common components;
- **Composability** where objects are composed and qualified from the bottom up;
- **Mapping** to existing industry messaging formats;
- **Embedded logic** to represent industry processes;
- **Modularization** into logical layers.

¹ Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 76 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association’s website: www.isda.org.

² Financial Data Transparency Act Joint Data Standards, 89 Fed. Reg. 67,890 (proposed Aug. 22, 2024), <https://www.govinfo.gov/content/pkg/FR-2024-08-22/pdf/2024-18415.pdf>.

As you may already know, the CDM enables interoperability and straight-through processing across firms, solutions and platforms, reducing the need for reconciliation caused by variations in how each firm records trade lifecycle events. The CDM model that can be applied to a wide range of use cases across OTC derivatives transactions, repos, listed products, loans, securities lending, etc. It fosters financial technology innovation by providing a common, readily operational foundation for how technologies such as distributed ledger, smart contracts, cloud computing, and artificial intelligence can be applied to financial markets. Finally, the CDM will deliver better regulatory oversight by promoting transparency and alignment between regulators and market participants, enabling consistency by providing a standard representation of data and processes, and supporting machine-executable reporting requirements. For these reasons, we encourage the Agencies to consider utilization of the CDM as part of their efforts to promote standards and improve data consistency across the rules included in the breadth of this Proposal.

The CDM can be used for a wide range of use cases. In the area of trade reporting, Digital Regulatory Reporting (DRR) is an industry-mutualized initiative³ with a governance framework which leverages ISDA's industry working groups to agree rule interpretations and industry practices. Specifically, the DRR uses the CDM as a blueprint to convert industry-agreed interpretations of new or amended regulatory reporting rules into freely available, machine-readable, machine-executable code. For market participants, the DRR will reduce the costs associated with building new or amended trade reporting rules, while at the same time ensuring compliance with regulatory compliance and consistency with industry-agreed interpretations. For regulatory authorities, the DRR will improve data quality, make it easier to conduct market oversight, and allow timely assessment of systemic risk issues.

Aside from the CDM, we also recommend that the Agencies leverage existing data standards and established industry practices that are already embedded into industry reporting systems and flows, based on the global over-the-counter (OTC) derivatives recommendations contained in the Globally Harmonized Guidance⁴ issued by the Financial Stability Board (FSB), Committee on

³ Industry institutions contributing to the development of the ISDA Digital Regulatory Reporting include (but are not limited to) those listed on ISDA's website at <https://www.isda.org/isda-solutions-infohub/isda-digital-regulatory-reporting/>.

⁴ Committee on Payments and Market Infrastructures (CPMI) and International Organization of Securities Commissions (IOSCO) Technical Guidance – Harmonisation of **critical OTC derivatives data elements** (other than UTI and UPI) (April 2018), <https://www.bis.org/cpmi/publ/d175.pdf>;
Committee on Payments and Market Infrastructures (CPMI) and International Organization of Securities Commissions (IOSCO) Technical Guidance – Harmonisation of **critical OTC derivatives data elements** (other than UTI and UPI) version 2 (September 2021), https://www.leiroc.org/publications/gls/roc_20210922.pdf;
Committee on Payments and Market Infrastructures (CPMI) and International Organization of Securities Commissions (IOSCO) Technical Guidance – Harmonisation of **critical OTC derivatives data elements** (other than UTI and UPI) version 3 (September 2023), https://www.leiroc.org/publications/gls/roc_20230929.pdf;
Committee on Payments and Market Infrastructures (CPMI) and International Organization of Securities Commissions (IOSCO) – Governance Arrangements for **critical OTC derivatives data elements** (other than UTI and UPI) (October 2019), <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD642.pdf>;

Payments and Market Infrastructures (CPMI), International Organization of Securities Commissions (IOSCO) and the Regulatory Oversight Committee (ROC) (together “International Authorities”). Any deviation from these widely-accepted standards and practices would require market participants to modify builds, thus incurring significant costs without any regulatory benefit.

Our comments below relate to those aspects of the Proposal that would impact derivatives transaction reporting. Given the technical nature of the Proposal, we have provided our comments in a table format to improve the clarity and readability of our comments.

Legal Entity

<u>Proposal</u>	<u>Comments</u>
The Agencies invite comment on the establishment of the Legal Entity Identifier (LEI) (ISO 17442) ⁵ as the legal entity identifier data standard in the proposed joint rule and on other options for the legal entity identifier data standard.	<p>We support the establishment of the ISO 17442 (Legal Entity Identifier) as the legal entity identifier data standard as it is commonly used by reporting parties today in OTC derivatives.</p> <p>We agree with the Proposal’s statement that it is appropriate that individual regulators have the discretion to determine whether entities are obligated to renew LEIs and corresponding legal entity reference data (rather than the joint standard).⁶</p>

Product

<u>Proposal</u>	<u>Comments</u>
“For reporting of swaps and security based swaps”, the	For identification of OTC derivatives (including Swaps and Security Based Swaps (SBS)), ISDA supports the use

Committee on Payments and Market Infrastructures (CPMI) and International Organization of Securities Commissions (IOSCO) Technical Guidance – Harmonisation of the **Unique Product Identifier** (September 2017), <https://www.bis.org/cpmi/publ/d169.pdf>;
 Financial Stability Board, Governance arrangements for the **Unique Product Identifier** (9 October 2019), <https://www.fsb.org/uploads/P091019.pdf>;
 Financial Stability Board, FSB designates DSB as **Unique Product Identifier** Service Provider (2 May 2019), <https://www.fsb.org/uploads/R020519.pdf>;
 Committee on Payments and Market Infrastructures (CPMI) and International Organization of Securities Commissions (IOSCO) Technical Guidance – Harmonisation of the **Unique Transaction Identifier** (February 2017), <https://www.bis.org/cpmi/publ/d158.pdf>;
 Financial Stability Board, Governance arrangements for the **Unique Transaction Identifier** (29 December 2017), <https://www.fsb.org/uploads/P291217.pdf>.

⁵ See ISO 17442-1:2020, Financial services - Legal Entity Identifier (LEI), ISO, <https://www.iso.org/standard/78829.html>.

⁶ Consistent with the Proposal statement, we have not commented at this time on LEI implementation challenges in trade reporting, (e.g. clear regulatory requirements for a legal entity to obtain and maintain an LEI, and permitted use of lapsed LEIs), but reserve commenting for any future individual rulemaking(s).

<p>Agencies propose to establish ISO 4914 Unique product identifier (UPI);⁷ <i>and</i></p> <p>“For other types of financial instruments”, the Agencies propose to establish ISO 10962 Classification of financial instruments (CFI);⁸ <i>and</i></p> <p>“For an identifier of financial instruments”, the Agencies propose to establish the Financial Instrument Global Identifier (FIGI).⁹ “For identification of securities, the Agencies also considered CUSIP and the ISIN... While these identifiers are widely used, they are proprietary and not available under an open license in the United States...”</p>	<p>of ISO 4914 UPI as the standard. Notably, this approach fulfills one of FSB’s key steps towards effective global aggregation of OTC derivatives transaction reporting data, as outlined in FSB’s “Feasibility study on approaches to aggregate OTC derivatives data.”¹⁰ According to the FSB, it is “critical for any aggregation option that the work on standardisation and harmonisation of important data elements be completed, including in particular through the global introduction of the...Unique Product Identifier (UPI).” The global UPI was subsequently put in place per the Globally Harmonized Guidance for the UPI¹¹ and ISO 4914.</p> <p>The distinction under the Proposal between FIGI and CFI is not clear to us. We would welcome more clarity on this aspect of the Proposal. Having said so, ISDA supports use of the CFI as a classification system (taxonomy) for securities, exchange-traded derivatives (listed) and OTC financial instruments. Treating the CFI as a classification system would be consistent with the hierarchical relationship between the UPI and CFI, where UPI is the specified standard for identification of OTC derivatives products, while the CFI can provide broader categorization-level.</p> <p>ISDA believes that it is premature for the Agencies to establish a common standard (e.g. whether the CUSIP, FIGI or ISIN) for identifying a securities underlier of an OTC derivative. Instead, the Agencies should conduct a more robust analysis, with results made publicly available for industry feedback, including:</p> <p>(a) comparison in the coverage of securities underliers</p>
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⁷ ISO 4914:2021, Financial services, Unique product identifier (UPI), ISO, <https://www.iso.org/standard/80506.html>.

⁸ ISO 10962:2021, Securities and related financial instruments, Classification of financial instruments (CFI) code, ISO, <https://www.iso.org/standard/81140.html>.

⁹ U.S. standard (X9.145), ANSI Accredited Standards Committee; and <https://www.omg.org/figi/>.

¹⁰ Feasibility study on approaches to aggregate OTC derivatives data (19 Sept 2014), https://www.fsb.org/wp-content/uploads/r_140919.pdf.

¹¹ Committee on Payments and Market Infrastructures (CPMI) and International Organization of Securities Commissions (IOSCO) Technical Guidance – Harmonisation of the **Unique Product Identifier** (September 2017), <https://www.bis.org/cpmi/publ/d169.pdf>

	<p>between proposed identifiers;</p> <ul style="list-style-type: none"> (b) listing of attributes associated with the proposed identifiers, that are freely available as open-source data; (c) listing of attributes associated with the proposed identifiers, which may not be freely available as open-source data, but available behind any type of paywall;¹² (d) clarifying which of the above mentioned ‘tiers’ are being proposed as the joint Agency standard; (e) analysis of the issuance process, including timing of the availability of the identifier, for each of the proposed identifiers; (f) comparison of current global regulatory use of the proposed identifiers; (g) evaluating the extent to which each of the proposed identifiers is already built into the systems of market participants; and (h) conducting an in-depth cost-benefit analysis and providing clear rationale for compelling market participants to move to another standard, if Agencies propose to establish a joint standard other than the identifier currently built into systems of market participants. The analysis should include identifying any gaps between what the industry has built versus proposed identifiers, and specifying what critical information the Agencies believe is missing from what the industry has already built. <p>In summary, the Proposal does not provide a clear rationale and sufficient cost-benefit analysis, with findings made available for public comment, for the Agencies to determine a joint common standard for identifying a securities underlier of an OTC derivative. However, if support for an identifier is necessary at this juncture, ISDA supports the identifier which is most implemented across market participants, until such time as a cost-benefit analysis and clear rationale for moving away from what the industry has already built is provided by the Agencies.</p>
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¹² Example of paywalls include but are not limited to: the need for paid subscription, paid membership, purchase per user or firm in order to access an attribute associated with the identifier, third party dependencies which have commercial aspects to access additional attributes, etc.

Date

<u>Proposal</u>	<u>Comments</u>
<p>For date fields, the Agencies propose to establish the date as defined by ISO 8601¹³ “using the Basic format option (which minimizes the number of separators).”</p>	<p>In general, ISDA supports establishing ISO 8601 as a standard for dates for OTC derivatives. However, we do not support the further proposal to specify the Basic format¹⁴ of the ISO 8601 as the joint standard.</p> <p>Basic and Extended formats are both part of the ISO 8601 standard. Since the Proposal will have a wide-reaching impact across all types of rules at the Agencies, the additional granularity about Basic or Extended format, both of which are within the ISO 8601 standard, should be left to the discretion of each agency, as appropriate.</p> <p>Further, where existing rule requirements already use an Extended format, we do not support a joint data standard which could potentially result in individual regulatory mandates to change to Basic format. As one example, market participants have already built for certain trade reporting rules which require ISO 8601 using a hyphen delimiter (e.g. Extended format) in several global jurisdictions, including CFTC¹⁵, due to existing Globally Harmonized Guidance¹⁶. A joint standard mandating the Basic format could result in the need for industry-wide rebuild to revise to Basic format for no apparent regulatory benefit.</p>

¹³ ISO 8601, Date and time format, ISO, <https://www.iso.org/iso-8601-date-and-time-format.html>.

¹⁴ Section 3.1.3.4, ISO 8601, “Basic format: *date and timerepresentation* (3.1.3.2) that does not include separators between its *time scale components* (3.1.3.3)”; Section 3.1.3.5 “Extended format: extension of the *basic format* (3.1.3.4) that includes separators between its *time scale components* (3.1.3.3)”; Section 3.2.6 “the “-” hyphen character, in extended format, separates the time scale components for “year” and “month”, “year” and “week”, “year” and “day”, “month” and “day”, and “week” and “day”, <https://www.iso.org/obp/ui/en/#iso:std:70907:en>.

¹⁵ CFTC mandated, and therefore the industry has built, the ISO 8601 Extended format for most of the CDE data elements in the footnote directly following, as well as several additional reportable data elements, including but not limited to: Clearing receipt timestamp; Fixing date; Last floating reference reset date.

¹⁶ Globally Harmonized Guidance for CDE data elements that have adopted ISO 8601 Extended format for date include but are not limited to: Execution timestamp; Other payment date; Effective date; Expiration date; Price schedule - unadjusted effective date of the price; Notional amount schedule - unadjusted date on which the associated notional amount becomes effective; Notional amount schedule - unadjusted end date of the notional amount; Notional quantity schedule - unadjusted date on which the associated notional quantity becomes effective; Valuation timestamp; Reporting timestamp, https://www.leiroc.org/publications/gls/roc_20230929.pdf.

Identification of a State, possession, or military “state” of the U.S.A. or geographic directional

Proposal	Comments
<p>For identification of a state, possession, or military “state” of the United States of America or geographic directional, the Agencies propose to establish the U.S. Postal Service (USPS) Abbreviations, as published in Appendix B “Two–Letter State and Possession Abbreviations” of Publication 28 <i>Postal Addressing Standards, Mailing Standards of the USPS</i>.</p>	<p>Where abbreviations are already used for identification of a geographic directional, we support the USPS abbreviations in Appendix B “Two–Letter State and Possession Abbreviations” of <i>Postal Addressing Standards, Mailing Standards of the USPS</i>¹⁷ for OTC derivatives.</p> <p>In cases where long names, and not abbreviations, are currently used in OTC derivatives transactions for geographic directional (e.g. East, North, etc), we do not support a joint standard mandating use of such abbreviations. Examples include, but are not limited to, data relating to OTC derivatives benchmarks such as Commodity Reference Prices (CRPs), i.e., benchmarks that can be used in such OTC transactions. The industry has already built to support what is implemented for such OTC transactions. A joint standard mandating use of abbreviations would require firms to incur costs in OTC derivatives reporting to revise builds, for no apparent regulatory benefit.</p> <p>CRPs, as defined in the ISDA Commodity Definitions, are benchmarks that can be used in OTC transactions and follow a naming convention that was established for the purpose of increasing consistency of how such names can be created and to be better recognised between the parties. Certain CRPs may include a long name for geographic directional in the CRP name or in its definition. See Exhibit 1 below. This pre-existing convention should not need to be revised to instead use abbreviations of geographic directional from Appendix B “Two–Letter State and Possession Abbreviations” of <i>Postal Addressing Standards, Mailing Standards of the USPS</i>. The CRP name should provide market participants with a clear indication to the referenced benchmark, therefore it is important that the CRP name remains aligned with the descriptive features of the corresponding referenced benchmark (including geographical location descriptions, if relevant).</p>

¹⁷ Appendix B, Two–Letter State and Possession Abbreviations, USPS, <https://pe.usps.com/text/pub28/pub28apb.htm>.

Exhibit 1: Example related to Proposal for identification of geographic directional (with emphasis):

<i>Existing CRP name</i>	<i>Existing CRP definition</i>
“NATURAL GAS-LOUISIANA/SOUTHEAST (TEXAS GAS ZONE 1)-GAS DAILY”	“means that the price for a Pricing Date will be that day’s Specified Price per MMBTU of natural gas for delivery on the Delivery Date, stated in U.S. Dollars, published under the heading “Final Daily Price Survey - Platts Locations (\$/MMBtu) Louisiana/ Southeast : Texas Gas, zone 1: Midpoint”, or any successor heading, in the issue of Gas Daily that reports prices effective on that Pricing Date.”

Country	
<u>Proposal</u>	<u>Comments</u>
For identification of countries, the Agencies propose “to establish the country codes and their subdivisions, as appropriate, as defined by Geopolitical Entities, Names, and Codes (GENC) standard.	<p>For identification of countries, ISDA generally supports ISO 3166 for OTC derivatives. However, the Proposal puts forward the Geopolitical Entities, Names, and Codes (GENC) U.S. Government profile of the ISO 3166 which includes “restrictions to, and extensions of, the ISO 3166 base standard” as itemized in the proposal.</p> <p>ISDA’s view is that the GENC variations to the ISO 3166 are substantial, and therefore supporting the GENC standard contradicts the Globally Harmonized Guidance. In the context of derivatives trade reporting, implementing the GENC standards would require significant build revisions by the industry. Thus, we do not support the adoption of the GENC standards for derivatives. Instead, ISDA supports maintaining the ISO 3166, without the GENC adjustments, in order to remain aligned with the Globally Harmonized Guidance.</p> <p>Further, GENC is not operationally practicable for OTC derivatives for several reasons including: (a) the magnitude of GENC variations applied to ISO 3166 will require builds specific for the Agencies, (b) adopting the GENC standard will not be consistent with recommendations from International Authorities which directly resulted from the 2009 G20 commitment to improve transparency in the derivatives markets, mitigate systemic risk, and protect against market abuse, (c) ISO 3166 is specifically recommended in the Globally Harmonized Guidance for critical OTC derivatives data elements (other than UTI and</p>

	<p>UPI) (CDE) standards¹⁸ for certain reportable data elements, and (d) the ISO 3166 standard has already been adopted, built and is live in multiple trade reporting jurisdictions, including the U.S. Examples include, but are not limited to:</p> <ul style="list-style-type: none"> • CFTC (#90 Settlement location) • JFSA (#114 Reference Entity) • MAS (#45 Booking location) • MAS (#46 trader location) • ASIC (#9 Country of Cpy 2) • EU-EMIR (#1-10 Country of Cpy 2) • EU-EMIR (#2-144 Reference Entity) • UK-EMIR (Country of Cpy 2) • UK-EMIR (#2-144 Reference Entity) • EU/UK MiFID RTS 22 (#8 Country of the branch for the buyer') • EU/UK MiFID RTS 22 (#37 Country of the branch membership') • EU/UK MiFID RTS 22 (#58 Country of the branch responsible for the person making the investment decision') • EU/UK MiFID RTS 22 (#60 Country of the branch supervising the person responsible for the execution) • EU/UK MiFID RTS 2 (#41 Reference Entity) <p>In the context of derivatives trade reporting, establishing the GENC as the common standard for country identification will lead to the U.S. bifurcating its common standard vis-à-vis others international regulators, the very opposite of what the International Authorities have been trying to achieve in the last 10 years with their Globally Harmonized Guidance work.</p>
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Currency

Proposal	Comments
For identification of currencies, the Agencies propose to establish the alphabetic currency code as defined by ISO 4217 Currency Codes. ¹⁹	ISDA supports establishing ISO 4217 code as a standard for currency for OTC derivatives trade reporting. The code is already used, built and implemented across the industry.

¹⁸ Regulatory Oversight Committee (ROC) Harmonization of critical OTC derivatives data elements (other than UTI and UPI) **CDE Technical Guidance** – version 3, https://www.leiroc.org/publications/gls/roc_20220829.pdf.

¹⁹ ISO 4217, Currency codes, ISO, <https://www.iso.org/iso-4217-currency-codes.html>.

ISDA appreciates the opportunity to submit our comments in response to the Proposal. Our members are strongly committed to maintaining the safety and efficiency of the U.S. swaps and derivatives markets and hope that the Agencies will consider our comments and suggestions, as they reflect the extensive knowledge and experience of trading and reporting professionals within our membership. Please contact us or Eleanor Hsu at (212) 901-6051 should you have any questions or if we can provide additional information.

Sincerely,



Scott O'Malia
Chief Executive Officer
International Swaps and Derivatives Association, Inc. (ISDA)