

Financial Data Transparency Act of 2022

Modernizing financial reporting to improve accountability and transparency

The Financial Data Transparency Act (FDTA) (Title 58 of the FY 2023 National Defense Authorization Act) amends securities and banking laws to make the information reported to financial regulators electronically searchable and to further enable the development of regulatory technologies and artificial intelligence applications. The ultimate goal is to harmonize reporting requirements, reduce the private sector's regulatory compliance burden, and enhance transparency and accountability. The covered financial regulatory agencies have two years from the date of enactment to issue a joint rulemaking, and they will have two additional years to implement the standards from the final rule.

**Have an inquiry? Contact us at
FDTA@datafoundation.org**



DATA
FOUNDATION
data coalition

Summary of Financial Data Transparency Act Requirements

Requires Covered Agencies to Develop Common Data Standards

Title 1 of the FDFTA amends the Financial Stability Act of 2010 (12 U.S.C. 5321 et seq.) to direct the Department of the Treasury, Securities and Exchange Commission, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Bureau of the Consumer Financial Protection, Federal Reserve System, National Credit Union Administration, and Federal Housing Finance Agency to issue a joint rule to promulgate data standards governing the information financial institutions report to each agency as well as data collected from member agencies on behalf of the Financial Stability Oversight Council.

- **Requires Common Identifiers Across Covered U.S. Financial Regulatory Agencies:** The FDFTA requires the covered agencies to establish “common identifiers” for information reported to covered regulatory agencies, which could include transactions and financial products/instruments. It specifically requires the adoption of a common, non-proprietary legal entity identifier for regulated organizations. The entity identifier must be available under an “open license,” which in existing law (per 44 U.S.C. § 3502(21)) means “a legal guarantee that a data asset is made available - at no cost to the public; and with no restrictions on copying, publishing, distributing, transmitting, citing, or adapting such asset.”
- **Searchable, Machine-Readable, Open Data Standards:** The FDFTA defines requirements for common data standards that build upon industry and technology best practices, account for lessons learned from existing federal regulatory standard setting, and incorporate relevant federal policy and international standards definitions. The data standards require that data be rendered fully searchable – which is facilitated by the requirement to be “machine-readable.” “Machine-readable” data are “data in a format that can be easily processed by a computer without human intervention while ensuring no semantic meaning is lost” (per 44 U.S.C. § 3502(18)). The data will be made available under an “open license” format, which will reduce barriers for industry,

academia, and others to incorporate or reuse the data standards and information definitions into systems and processes. This requirement will also facilitate competition between multiple vendors for data tools and services, ultimately reducing long-term costs.

- **Promotes Interoperability:** In establishing data standards, the FDFTA requires the heads of covered agencies to consult with each other to promote interoperability of financial regulatory data across members of the Financial Stability Oversight Council.

Reemphasizes Government-Wide Policy for Open Data Publication

The FDFTA requires each covered agency to publish collected information, as appropriate, as “open data.” The FDFTA reiterates the requirement for agencies to make disclosable public data assets available as “open Government Data asset[s]” (per 44 U.S.C. § 3502(20)). This assures the data assets published under the regulatory authorities of the FDFTA’s covered agencies are presented in a manner consistent with existing government-wide data policy (“machine-readable,” “open license,” and appropriate “metadata”). The FDFTA directs that regulatory agencies make these data sets available for bulk download in a “human-readable format.”

No New Reporting or Disclosure Requirements

Nothing in the FDFTA requires any covered agency to collect or make publicly available additional information.

Scales Regulatory Requirements to Reduce Burden on Smaller Entities

The FDFTA allows agencies to scale data reporting requirements to reduce burden on smaller regulated entities and minimize disruptive changes to those affected by regulations.

Requires Study of Future Applications

By the end of 2025, the Government Accountability Office will report on the feasibility, costs, and potential benefits to applying the standards and approaches in FDFTA to apply a government-wide approach for standard business reporting.