

April 28, 2021

THE HONORABLE JANET YELLEN  
Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington DC, 20220

**Delivered by Electronic Mail**

**RE: Advancing Data Quality and Transparency in FSOC Agencies**

Secretary Yellen –

Congratulations on your confirmation as the Secretary of the Treasury. Your role as Chair of the Financial Stability Oversight Council (FSOC) established by the Dodd-Frank Wall Street Reform and Consumer Protection Act is critical. On behalf of the members of the Data Coalition, I write to encourage that in 2021 FSOC prioritize actions that drastically improve the quality of data available for regulatory oversight while also reducing reporting burdens on regulated entities.

The Data Coalition is an initiative that aligns interests across organizations in the national data community, advocating for responsible policies to make government data high-quality, accessible, and useful. As part of the non-profit Data Foundation, the Data Coalition specifically works to unite communities that focus on data science, management, evaluation, statistics, and technology, in industry, non-profits, and universities.

In 2017, a Treasury Department report identified opportunities to make the current reporting regime for regulated entities less complicated and more consistent.<sup>1</sup> The Securities and Exchange Commission's Investor Advocate has stressed the need for standards to make access to information easier and less costly for investors.<sup>2</sup> **The Data Coalition strongly encourages FSOC to advance uniform data standards for the information currently collected from regulated entities** as a means to promote data sharing and higher-quality information for regulators and investors alike. We know that data standards can enable better information processing and data reconciliation. The country needs machine-readable data as well as machine-readable data standards.

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<sup>1</sup> U.S. Department of the Treasury. *A Financial System That Creates Economic Opportunities: Banks and Credit Unions*. Washington, D.C., 2017. Available at: <https://www.treasury.gov/press-center/press-releases/Documents/A%20Financial%20System.pdf>

<sup>2</sup> Referenced in: R.A. Fleming and A.M. Ledbetter. "More Data, More Problems." *The Regulatory Review*, 2021. Available at: <https://www.theregreview.org/2021/04/26/fleming-ledbetter-more-data-more-problems/>

One aspect of the standards that the Data Coalition specifically encourages is the adoption of a common legal entity identifier. Across 36 federal agencies there are more than 50 distinct entity identifiers in use.<sup>3</sup> The Federal Reserve, among others, already recognizes the benefits of applying such an identifier in the U.S. regulatory context.<sup>4</sup> One possible standard to fill this gap is the G-20-backed Legal Entity Identifier (LEI) which is non-proprietary, verified, and part of a globally-managed system that the U.S. has already contributed to developing.<sup>5</sup>

Applying common-sense and much-needed data standards for the United States financial regulatory ecosystem can be promoted and achieved administratively under the leadership of FSOC. **The Data Coalition recommends that FSOC take rapid action to improve the quality of data reported in our financial system.**

The Data Coalition members look forward to supporting FSOC member-agencies in continuing to ensure the American people have access to information they need to make good financial decisions. We welcome the opportunity to provide technical assistance to any FSOC member-agencies in order to advance coherent, sound data policy.

Respectfully,



Nick Hart, Ph.D.  
President, Data Foundation

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<sup>3</sup> M. Rumsey. *Envisioning Comprehensive Entity Identification for the U.S. Federal Government*. Washington, D.C.: Data Foundation, 2018. Available at: <https://www.datafoundation.org/envisioning-comprehensive-entity-identification>

<sup>4</sup> J.A. Bottega and L.F. Powell. *Creating a Linchpin for Financial Data: Toward a Universal Legal Entity Identifier*. Finance and Economics Discussion Series. Washington, D.C.: Federal Reserve Board Divisions of Research & Statistics and Monetary Affairs, 2011. Available at: <https://www.federalreserve.gov/pubs/feds/2011/201107/201107pap.pdf>.

<sup>5</sup> Global Legal Entity Identifier Foundation, 2021. Available at: <http://www.gleif.org/>.



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