

September 21, 2022

RE: Response to the FY 2022-2026 Draft Strategic Plan

Dear Secretary Vanessa A. Countryman,

The Data Foundation is a non-profit organization that seeks to improve government and society by using data to inform public policymaking. Our Data Coalition Initiative is America's premier voice on data policy, advocating for responsible policies to make government data high-quality, accessible, and usable. In accordance with the Data Coalition's policy efforts to ensure sound data policy in the federal government, we encourage the use of standardized, machine-readable, and where appropriate, auditable financial data.

We applaud the goals identified in the Commission's Strategic Plan, particularly as the Commission prioritizes treating data as a strategic asset in goals 1.2, 1.3, and 2.2.¹ As noted in the Strategic Plan, markets are increasingly being driven by data and technology. To ensure the SEC is prepared to adapt and effectively protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation in a data-driven environment, workforce data literacy, disclosure modernization, and data sharing are crucial aspects to consider.

Workforce data literacy should be prioritized in order for the SEC to more fully "employ timely, cutting-edge data analysis that helps accomplish its regulatory mission; provide well-structured, material data to investors; and manage data as a strategic asset." Equipping all professional staff across the Commission with the ability to read, write, and communicate with data in context – expanding such understanding beyond dedicated data experts – will support the Commission's internal and cross-agency data capabilities.

Disclosure modernization efforts should continue to be a priority for the SEC. Machine-readable data could drive the rapid growth of efficiencies across industry and in government. Efficiencies and cost-cutting measures related to data use are more necessary as the velocity and volume of data increases, as does the need for testing its veracity. Investors want standardized data (both qualitative and quantitative) in order to have the comparability necessary to weigh risk and opportunities and inform investor capital allocation. Institutional investors currently have wide scale data platforms and resources to investigate data quality, whereas the growing segment of retail investors lack that insight. Standardizing the data can provide better quality for both types of investors and level the playing field. This is especially true for demands of new types of data, such as Environment, Social, and Governance

¹Goal 1.2: Enhance the use of market and industry data, particularly to prevent, detect, and enforce against improper behavior.
Goal 1.3: Modernize design, delivery, and content of disclosures so investors, including in particular retail investors, can access consistent, comparable, and material information to make informed investment decisions.
Goal 2.2: Examine strategies to address systemic and infrastructure risks faced by our capital markets and our market participants.

data. Cultivating a data ecosystem that is characterized by standardized and machine-readable data will allow for greater granularity and transparency, easing the way for improved auditability and assurance.

Another benefit of modernizing disclosure is the ability to more efficiently and securely share data amongst other financial regulatory agencies. The SEC and other financial regulatory bodies collect significant amounts of data. By encouraging the sharing and linking of information between each other, the SEC can reduce duplication and data collection burden on the public, while using relevant data it may not have otherwise collected. Establishing secure data sharing strategies offers tremendous potential for developing new insights and knowledge that can identify fraud, risk, and manipulation in a more timely manner.

As the Commission develops its final Strategic Plan, we encourage the SEC to consider the crucial roles of data literacy, disclosure modernization, and data sharing to generate, maintain, and use data to serve its goals.

Thank you for the opportunity to provide comments on the Commission's Strategic Plan. The Data Coalition is always available to support the Commission's efforts to leverage data to better protect investors. Please contact me at corinna@datafoundation.org if you have any questions or would like to discuss the Data Coalition's interest in this matter further.

Sincerely,

Corinna Turbes
Policy Director
Data Foundation