



September 5, 2019

U.S. House Committee on Financial Services
2129 Rayburn House office Building
Washington, DC 20515

Subject: Endorsement of the FTA – Financial Transparency Act

Dear Chairwoman Maxine Waters, Ranking Member Patrick McHenry, Subcommittee Chairwoman Carolyn B. Maloney, and Members of the Committee:

The EDM Council (EDMC) is a non-profit, professional trade association that focuses on the advancement of data management best practices and adoption of data standards to drive efficiency and enable innovation in the use of information in industry today.

The EDM Council strongly supports the Financial Transparency Act (FTA), as reintroduced by Representatives Carolyn Maloney (D-NY) and Patrick McHenry (R-NC).

The EDMC was formed in 2005 to create a community of financial industry data management professionals. Since this time, the Council has grown, in size, reach and influence. Today, over 200 organizations are members of the EDMC (<https://edmcouncil.org/page/listofmembersreview>) boasting nearly 10,000 individual members. The Council members include nearly all of the GSIBs (global systemically important banks), buy-side and sell-side firms, regional banks, fintech companies, market data vendors, technology companies, stock exchanges, and number of the global regulatory agencies. In addition, the membership has grown outside of finance to include companies from manufacturing, pharma, automotives and insurance.

Adoption of data standards and the application of data management best practices is critical to the efficient use of information. The Financial Transparency Act requires the regulatory member agencies of the FSOC (Financial Stability Oversight Council), to adopt and use information standards for the collection of data from regulated entities. In order for these agencies to live up to their obligation of ensuring safety, soundness and transparency in the financial industry, adoption and use of information standards must be embraced.

The Financial Crisis of 2008 was a vivid example of the impact that data (or lack thereof) can have. Although clearly not the cause of the crisis, lack of consistent data and lack of standards hampered decision makers abilities to respond to the crisis.

Lack of legal entity standards made it nearly impossible to understand the systemic impact of the Lehman collapse. The industry's inability to aggregate Lehman positions and exposures made it very difficult, if not impossible, to understand the scope, breathe and reach of the collapse. Lack of standards in describing financial instruments was equally impactful. Lack of transparency to the underlying collateral of the many derivative instruments caught the industry by surprise when the underlying collateral deteriorated. Data is the canary in the coal mine. If



we cannot collect, aggregate and analyze information in an efficient and rapid manner, we risk, 10+ years later, a repeat of the 2008 crisis.

There is a movement in industry today to improve regulatory reporting. Public and private sector alike recognize the need to 'modernize' our regulatory report paradigm. Various efforts across the globe (in Singapore, Germany, and the UK), are realizing the need to move the regulatory paradigm from a 'report-based' paradigm to a 'data-based' paradigm. Collecting granular data from financial institutions and leveraging advances in today's collection and delivery technologies, would greatly reduce the burden on the private sector (who produce 1000's of regulatory reports each month), while greatly increasing the regulators' ability to analyze and model the data they receive.

For this to happen, data must be delivered and collected in alignment to industry standards. Adoption of the LEI – Legal Entity Identifier, alignment to financial instrument standards (for mortgages; derivatives; etc.) are foundational to modernizing our reporting paradigm and enabling our infrastructures to respond immediately in times of crisis.

The Financial Transparency Act will continue to drive the modernization of the Federal Government for the Information Age by encouraging common-sense reforms that benefit the business community and regulators alike. It is for this reason that the EDM Council strongly requests and encourages the 116th Congress to take expeditious action to advance this important legislation, to strengthen the stability of financial markets and reduce long-term costs for both public and private sectors.

Respectfully

A handwritten signature in blue ink that reads "John A. Bottega".

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