



22 West Washington Street
Chicago
Illinois 60602

Telephone: +1 312 696-6000
Facsimile: +1 312 696-6001

September 26, 2019

The Honorable Carolyn B. Maloney
Chair , Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets
2308 Rayburn House Office Building
Washington, DC 20515

The Honorable Patrick McHenry
2004 Rayburn House Office Building
Washington, D.C. 20515

Re: Financial Transparency Act

Dear Chair Maloney and Ranking Member McHenry:

Morningstar, Inc. strongly supports the Financial Transparency Act (FTA), which would require U.S. financial regulatory agencies to adopt consistent data fields and formats for the information they already collect, making it easier to quickly process and contextualize the massive amount of financial data the federal government already collects.

Morningstar is committed to advancing the interests of investors. In particular, we have a long history of fighting for transparency in opaque parts of the capital markets. Part of the way we serve investors is by tracking and aggregating data on thousands of publicly traded companies as well as thousands of mutual funds and organizing and presenting this data to our clients. As a data aggregator with global experience in processing structured data, we know firsthand the improvements the Financial Transparency Act would bring for ordinary typical investors seeking information on potential investments.

Requiring structured machine-readable disclosures lowers the barriers for deriving insights from financial filings. Without this structure, aggregating financial filing data requires the laborious transcription of filed documents, raising the possibility of the introduction of human error, not to mention a lag between when the required disclosures were submitted and the completion of this process.

Moves in the U.S. and around the globe toward structured filings have profoundly increased the transparency of capital markets; investors have significantly easier access to actionable insights derived from company filings, and this data is increasingly becoming available to investors more quickly. These trends toward greater transparency, in turn, improve the efficiency of capital markets and benefit investors.

The Financial Transparency Act comes at a critical juncture. The SEC has taken laudable steps by promulgating rules which phase-in better standardized, machine-readable data over the next

few years. However, other financial regulatory agencies are lagging, which impedes regulators and investors from connecting data on companies across filings. Furthermore, the FTA would spur the SEC to require structured data for additional forms of reporting including the valuable information contained in mutual fund disclosures, the most common way typical people invest. These mutual fund disclosures, still filed in an unstructured format, impede Morningstar's ability to efficiently assist investors in accurately evaluating thousands of investment options.

Again, we applaud the aims of the Financial Transparency Act, and we are confident it will lead to more transparency, higher quality data, and better outcomes for investors.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Aron Szapiro', written in a cursive style.

Aron Szapiro
Director of Policy Research
Morningstar, Inc.