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## **GASB Chair: SEC's Financial Data Transparency Rule Aligns with Expectations, but Raises Industry Concerns**

Governmental Accounting Standards Board (GASB) Chair Joel Black told trustees on August 13, 2024, that the SEC's proposed rule on financial data transparency was largely in line with expectations, but has sparked concerns in the municipal securities industry over the fate of financial securities identifiers.

The SEC's proposal, issued last week, aims to improve transparency and accountability in government financial data, but has already drawn attention for its impact on the industry. Black said the proposal was as largely expected, but noted that the industry is likely to push back on the use of bond identifiers.

The surprise in the rule is the elimination of QSIPs (Qualified Statistical Information Providers) in reporting to the Municipal Securities Rulemaking Board (MSRB), Black said. "That I think is going to have a lot of the municipal securities world in somewhat of a reactive phase."

The proposed SEC rule is part of the Federal Data Transparency Act (FDTA), which seeks to standardize government financial reporting. While the GASB has been monitoring the rule-making process, Black said the industry is still digesting the implications of the proposal.

"They stayed pretty broad and so I think the impact on us and what ultimately may come to the municipal securities environment from the SEC specifically when they do their more specific rule making say two years from now hasn't been impinged upon," said Black. "So I think that we haven't been impacted yet," he said. "That more future rule-making will probably be much more impactful."

Black's remarks were response to a question from FAF Trustee Beth Pierce, who inquired about the SEC's proposal and its potential impact on the GASB's work. She noted that the FDTA was frequently raised in the past by the GASB, which has been working on a taxonomy to make financial information filed with financial regulators standardized for digital use.

The FDTA was passed in 2022 to make it easier for agencies to share and analyze data, and for the public to access and understand government financial information. To achieve this, the law requires federal agencies to adopt standardized data formats and identifiers for reporting financial information.

The implementation of the FDTA is being carried out through a phased approach, with different agencies and stakeholders playing a role in its implementation. The SEC is one of the key agencies involved in implementing the FDTA, and its proposed rule on financial data transparency is part of this effort.

Specifically, the SEC's proposal aims to make it easier for agencies to share and analyze data, and businesses will need to align their reporting practices with the new standards. (See [SEC Issues Joint Proposal Under Financial Data Transparency Act](#) in the August 6, 2024, edition of Accounting & Compliance Alert.)

**Thomson Reuters**

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