

Bond Case Briefs

Municipal Finance Law Since 1971

SEC Commissioner Peirce Offers Guiding Principles on Implementing Structured Data Requirements.

SEC Commissioner Hester M. Peirce offered [guiding principles](#) to address concerns about the implementation of the structured data requirements in the Financial Data Transparency Act (“FDTA”)

In her remarks before the RegTech 2023 Data Summit, Commissioner Peirce expressed concern about structured data requirements under the FDTA (i.e., “data that is divided into standardized pieces that are identifiable and accessible to both humans and computers”). These concerns include (i) compliance costs for smaller entities, (ii) the utility of structured data for the public, (iii) the possibility for technologically embedded rules to become outdated and (iv) the increasing demands by government to collect further data. To address these concerns, she outlined guiding principles for the SEC and regulators to follow in their implementation of the FDTA:

- **Strategic Planning.** Ms. Peirce advised regulators to have a “strategic vision” for structured data usage that identifies where structured data requirements would be most beneficial. She stated that a strategic approach should incorporate initiatives that improve structured data’s utility and relevance for investors. Ms. Peirce also suggested that agencies avoid insisting on standardized tags if they would diminish the accuracy of the reported data.
- **Cost.** Ms. Peirce emphasized the importance of cost considerations before enacting new structured data requirements, especially for small firms and municipal issuers. Ms. Peirce said that she was “hopeful” that the costs of implementation will not be a significant concern based on the (i) FDTA’s preservation of regulators’ “tailoring” authority to scale data reporting requirements and “minimize disruption” for firms affected by new requirements, (ii) decrease in structured data costs and (iii) reduction in long-run compliance costs for firms that integrate Inline XBRL into their operations.
- **Data Collection.** Ms. Peirce maintained that regulators must “constrain their appetite for data,” notwithstanding that data has become “cheaper and easier to collect, store, and analyze.” Ms. Peirce said that regulators should only collect data with the purpose to perform their limited statutory missions.
- **Changing Technologies.** Ms. Peirce urged regulators to specify standards that allow for flexibility to keep pace with “rapidly changing technology.” To the extent that regulators are not afforded such flexibility in their implementation of the FDTA, Ms. Peirce recommended (i) notice-and-comment rulemakings to consider cost reductions on market participants and/or (ii) providing reporting standards in a free-standing section of rulemakings to allow for updates as technologies evolve.

Ms. Peirce said that future regulatory initiatives could help entities follow structured data requirements. She said that potential machine-readable rules and machine-executable rules could assist in automating compliance for firms.

Fried Frank Harris Shriver & Jacobson LLP

April 11 2023

Copyright © 2024 Bond Case Briefs | bondcasebriefs.com