**Global Data Standards Strategy**

**for**

**Financial Services**

**White Paper**

**Preliminary Outline**

**Executive Summary**

* Problem
	+ The absence of data standards have bedeviled the industry for a long time, coming to a head in the 2008 crisis
* Vision
	+ Standards defined and implemented
	+ Tagging at source
	+ Operational and systemic risks reduced
	+ Transparency increased
* The Business Case
	+ Business drivers
	+ Regulatory drivers
	+ Costs and risks
* Call To Action
	+ The program ahead
	+ Steps

**Introduction**

* Purpose
	+ Make a case for a global data standards strategy for the financial services industry
* Scope
	+ Financial services industry broadly, prompted in the first instance by regulatory requirements for capital markets, transactions and portfolios
* Audience
	+ Senior Industry and regulator leadership
* Authorship
	+ EDMC, OMG, Federal Reserve Board, academic and industry experts
* Organization of the paper

**Background**

* Legislation and regulation
	+ Poor intelligence in 2008 drove legislative and regulatory commitment
	+ FSOC and OFR in the U..S. to set standards for regulatory reporting and industry reference data (CFTC and the SEC -- OTC derivatives)
	+ European Systemic Risk Board (ESRB) and the Statistics Directorate at the European Central Bank (ECB)
* Industry efforts to date
	+ SWIFT, IT standards, depositories and clearing houses
	+ Private vendors and individual institutions
	+ Limits to previous work
		- only securities, mortgages and messaging
		- nothing broad or fundamental
		- a gap on legal entities
	+ Current state of technical work
* Comparable past efforts
	+ Straight through processing in food, drugs and logistics
	+ T+3 clearance and settlement
	+ Other?

**Problem**

* Systemic issues
	+ Timely, detailed, consistent, reliable data for crisis management
* Issues in normal times
	+ Piecemeal IT systems
	+ Costs of data normalization and reconciliation and new systems development
	+ Data processing errors and breakdowns
	+ Challenge of data integration for management and regulators
* Root cause
	+ lack of standard syntax, grammar and semantics
	+ data not tagged at source

**Vision**

* + Standards defined and implemented
	+ Tagging at source
	+ Operational and systemic risks reduced
	+ Transparency increased

**Program Ahead**

* Deliverables
	+ Map of existing regulations, data requirements and industry standards and associated gaps
	+ Standards and Open Source tools/solutions
	+ Converted systems `
		- Firms, vendors, regulators, utilities
	+ A reference data utility
	+ Extending standards
		- Globally
		- Mortgages, etc.
* Milestones
	+ LEI
	+ Creating a utility
	+ Sector, segment, activity or geography rollout?
	+ Timeline?
* Governance and Management
	+ Governance
	+ Project Management
		- Ecosystem of regulators, financial services organizations, standards bodies and academics

Matrix of financial reform regulations, data requirements and industry standards

**Use Cases**

* Trade surveillance and AML
* Process efficiency
* Trade accountability
* Integrating financial, legal and operations perspectives
* TBD

**Business Case**

* Business and regulatory drivers
	+ Stronger data governance and control
	+ Improved process efficiency
	+ Improved financial and risk analysis
	+ Quality data for institutional management
	+ Quality data for systemic risk management
	+ Elimination of errors, reconciliation, correction costs
	+ Reduced regulatory and reporting costs
	+ Other?
* Costs
	+ ?
* Risks
	+ Lack of international coordination
	+ Existing interests capture the process
	+ Momentum is lost
	+ Technologists make business decisions
	+ Future innovation is stifled
	+ Other?

**Conclusion**

* TBD