



To: European Securities and Markets Authority (ESMA)
Regarding: Integrated collection of funds' data

Dear ESMA,

We write to you in our capacities as co-chairs of the Standards Advisory Group (SAG) of Technical Committee 68 of the International Organization for Standardization (ISO) TC 68/AG2.

ISO is an independent, non-governmental international organization with a membership of 163 national standards bodies. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges.

ISO/TC 68 is the Technical Committee within ISO tasked with developing and maintaining international standards covering the areas of banking, securities, and other financial services. The Standards Advisory Group (SAG) as an Advisory Group of ISO/TC 68 acts as an advisory sounding board to support and engage with regulators on financial services standards requirements, for the effective and efficient use and development of financial services standards, delivered using a cooperative relationship approach. The SAG enables a proactive dialogue with regulators on financial services standards matters.

The SAG's objectives are:

- Provide a forum for mutual assistance between the global regulatory community and ISO in carrying out their respective authorities and responsibilities with respect to financial services standards;
- Aid the adoption and promotion of consistent standards, where possible;
- Effectively deal with common issues collectively and consistently; and
- Encourage strong and open communication within the regulatory community and with the industry concerning financial services standards.

The SAG's response represents a collective view of its membership and draws upon its knowledge as an expert standards setting body with practitioner-led experience in the development and use of standards.

Q14. Do you consider that it would be beneficial to introduce a common standard, such as ISO 20022, across all reporting obligations within the asset management domain? What would be the costs and benefits for reporting entities of transitioning all reported data to a single standard? If ISO 20022 is not the preferred solution, what alternatives could be considered?

The SAG believes it is beneficial to implement ISO 20022 across all reporting obligations. ISO 20022's rich, structured data and common language offer financial institutions, businesses, and consumers benefits including improved efficiency through automation and straight-through processing, enhanced compliance and fraud detection with clearer data, greater transparency, streamlined cross-border payments, and the foundation for innovative services like real-time payments. ISO 20022 has been successfully adopted by numerous major market infrastructures globally, demonstrating its effectiveness.

Q16: Would an increase of data granularity contribute to improved data quality, usability and reduced duplications? To what extent can the greater use of international standards (e.g. CFI codes, LEIs) and master data reduce the compliance costs and improve interoperability in regulatory reporting?

The greater use of international standards, specifically in regulatory reporting, can significantly improve quality, reduce compliance costs, improve interoperability, and transform compliance from a reactive task to a strategic advantage.

The LEI (Legal Entity Identifier, ISO 17442) provides a common, 20-character identifier for legal entities. This eliminates ambiguity and reduces errors that arise when identifying counterparties across different jurisdictions. Standardized identifiers and data models allow for greater automation in data collection and reporting. This reduces the need for manual intervention, minimizing errors and associated costs. Also, standardized data enable seamless data exchange between institutions and regulators. This allows authorities to reuse data for different insights, reducing redundant requests.

In addition, the SAG recommends ESMA continue to leverage the existing adoption, integration and utilisation of International Organization for Standardization (ISO) standards for financial services. These standards are subject to a proven governance framework to ensure they evolve in line with user requirements, are globally recognised, drive market efficiency, reduce operational risk, and contribute to the development and proper functioning of capital markets.

ISO standards are established and maintained based on the needs of the industry who use them, with a consensus-based approach where comments from all stakeholders are considered. Standards evolution is aligned with market evolution, so each standard remains fit for purpose and aligned with market practice to minimise disruption and cost to stakeholders.

The asset management market depends on timely, quality data, enabling straight through processing and interoperability throughout the trade lifecycle including to fulfil reporting obligations. ISO standards, such as LEI, International Securities Identification Numbers (ISIN - ISO 6166), Unique Product Identifier (UPI – ISO 4914), Classification of Financial Instruments (CFI - ISO 10962), Financial Instrument Short Names (FISN - ISO 18774), Market Identification Codes (MIC – ISO 10383), Country Codes (ISO 3166) and Currency Codes (ISO 4217) are fundamental to improving data quality, compliance, while improving reporting in supervisory functions.

Each of the ISO financial services standards can be used independently but are also complementary in nature, increasing their benefits to stakeholders in providing high quality data. This is done through enabling consistent interpretation and validation, ensuring harmonisation of the reported reference data. Furthermore, with the continued utilization of ISO identifiers for reporting, duplicative reporting of the data fields which are embedded within the identifier itself are not required to be reported separately, which will assist in decreasing the overlap of reporting.

The SAG remains ESMA's disposal to further discuss and support your work. Do not hesitate to engage us in your discussions and questions related to standards.

Thank you and regards,

Todd Albers
Karla McKenna
Co-Conveners of the ISO/TC68/AG2