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# SEC establishes joint data standards as required under FDTA

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The Securities and Exchange Commission on Monday announced that it had established joint data standards as required under the Financial Data Transparency Act, and those standards aren't "as prescriptive" as the Government Finance Officers Association feared they could have been, a GFOA official said.

The rulemaking process for the FDTA, legislation signed into law in December 2022, is a two-step process. The first step is a joint rulemaking process involving the SEC and various other agencies to establish joint data standards. As a second step, the FDTA directs most of the agencies, including the SEC, to issue agency-specific rules implementing the final joint standards.

The joint standards that the SEC on Monday announced it had established are part of the first step in the FDTA rulemaking process. The joint standards would not be final until they are approved by all the agencies involved, however.

"We know we have a long road ahead of us, but there is a lot of autonomy that's been given to the SEC," Emily Brock, director of the GFOA's Federal Liaison Center, said Monday.

"For example, they did not say anything about changing indicators from CUSIPs to FIGIs," Brock said. "They also did not establish or mandate legal entity identifiers in our space and they also did not pick out specific joint data standards, so all of those things mean that the [SEC's] Office of Municipal Securities now has a lot of work to do."

In the law, there is what Brock referred to as "shall not may" language.

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"Shall not may means that the SEC must solicit feedback from the community throughout the development of ... the requirements of this law, so we should expect to see significant stakeholder outreach from the SEC's Office of Municipal Securities," Brock said. "We're gearing up our members to make sure that they know in plain language what a federal mandate in this space could mean for them."

The GFOA has calculated in the past that the cost of FDITA implementation for the municipal issuer community could be as high as \$1.5 billion if it's done poorly, she said.

"I would say we were pleasantly surprised that there aren't mandates that are laced in this proposal, but we will remain hyper vigilant focused on where and how those mandates may pop up over the course of the next two years," Brock said.

**Kathie O'Donnell**

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