

Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW
Suite 1000
Washington, DC 20005

Submitted Electronically

Re: MSRB - Request for Comment on Draft Amendments to and Clarifications of MSRB Rule G-34, on Obtaining CUSIP Numbers

Bloomberg, L.P.'s Open Symbology Group ("Bloomberg") thanks the Municipal Securities Rulemaking Board ("MSRB") for the opportunity to comment on the Draft Amendments to and Clarifications of MSRB Rule G-34 (the "Proposed Amendments") published on March 1, 2017.

Bloomberg, the global business and financial information and news leader, gives influential decision makers a critical edge by connecting them to a dynamic network of information, people and ideas. The company's strength – delivering data, news and analytics through innovative technology, quickly and accurately – is at the core of the Bloomberg Professional service, which provides real time financial information to more than 325,000 subscribers globally. Bloomberg has deep experience with product identification, the development of open symbologies, and data management pursuant to the multiple symbologies used by our customers.

The Proposed Amendments would result in a further expansion of the mandate, under the MSRB's rules, to use Committee on Uniform Security Identification Procedures ("CUSIP")¹ numbers to identify municipal securities. On one level, Bloomberg recognizes that the MSRB's intent is largely to codify existing guidance for dealers and municipal advisors to obtain CUSIP numbers for new issue securities. However, on a broader level, the MSRB is extending the mandate to use CUSIP numbers under MSRB rules. Given global efforts to promote the use of open standard identifiers for financial transactions and products, and the existence of such identifiers for municipal securities, Bloomberg recommends that, as the MSRB considers these changes, it also considers allowing appropriate open-standard identifiers to be used in place of CUSIP numbers as a regulatory alternative to mandating that only CUSIP numbers can be used.

As noted in the Proposed Amendments, MSRB Rule G-34 currently requires the assignment, and therefore the use of, CUSIP numbers to identify new issues of securities. CUSIP is a closed, proprietary numbering system and there is a fee for obtaining a CUSIP number as well as licensing fees that apply for their use. Regulatory supervision and the oversight of increasingly interconnected, global financial markets requires an approach to data infrastructure that allows regulators to aggregate, manipulate, and analyze financial data across asset classes, entities, markets, and jurisdictional borders. The current state

¹ <https://www.cusip.com/cusip/index.htm>.

Bloomberg

of market data technology and identification standards readily allows for the consideration of regulatory alternatives to requiring the usage of closed, proprietary numbering systems like CUSIP.

Since the 2008 financial crisis, financial regulators, under the auspices of the Financial Stability Board (FSB)² and Committee on Payments and Market Infrastructures - International Organization of Securities Commissions (CPMI-IOSCO),³ have been working to develop uniform, open standards for identifying financial entities and transactions to enhance their ability to monitor and address financial and market risks. At the heart of this effort is the need to classify and aggregate financial transactions and positions across markets, jurisdictions, and asset classes. Being able to group financial positions appropriately and value them is critical to regulators' efforts to understand financial markets. The FSB has recognized the importance of identifiers that are based on open standards and free of license or redistribution restrictions to this effort.⁴ The MSRB's consideration of allowing open standard alternatives to CUSIP would allow the MSRB to leverage this work to reduce costs and promote efficiencies for regulators and market participants alike.

Bloomberg notes that the MSRB already allows the use of Legal Entity Identifiers ("LEI")⁵ on its Form A-12 for identification of legal entities.⁶ The LEI is a global, open, uniform standard for identifying legal entities not just for the financial sector, but for any use where legal entity identification is required. While there can be a fee for getting and maintaining an LEI number, there are no fees or license restrictions for referencing an LEI, republishing an LEI, or using an LEI for derivative works. Bloomberg recommends that the MSRB similarly consider allowing the use of open-standard alternative identifiers that can fulfill the same function as CUSIP numbers.

The Financial Instrument Global Identifier ("FIGI") is an example of an open-standard identifier framework that can be used as an alternative to CUSIP for the identification of municipal securities. FIGI was developed by Bloomberg to establish an identifier and symbology that could: 1) provide unique identification at multiple levels of granularity across asset classes, 2) be used across product lines and markets, and 3) solve shortcomings of existing identifiers.

² <http://www.fsb.org/>.

³ <http://www.bis.org/cpmi/index.htm?m=3%7C16>.

⁴ See, Financial Stability Board, Charter of the Regulatory Oversight Committee for the Global Legal Entity Identifier (LEI) System (5 November 2012) at pg. 2, available at http://www.fsb.org/wp-content/uploads/r_121105c.pdf; Feasibility study on approaches to aggregate OTC derivatives data (19 September 2014) at pg. 37, available at http://www.fsb.org/wp-content/uploads/r_140919.pdf; and Proposed governance arrangements for the unique transaction identifier (UTI) (13 March 2017) at pg. 5-6, available at <http://www.fsb.org/wp-content/uploads/Proposed-governance-arrangements-for-the-unique-transaction-identifier-UTI.pdf>.

⁵ Bloomberg is a candidate to become a Local Operating Unit (LOU) for the Global LEI System (GLEIS). LOUs are responsible for issuing LEIs.

⁶ See, <http://www.msrb.org/msrb1/pdfs/MSRB-Brief-Legal-Entity-Identifiers.pdf>.

Bloomberg

In 2014, Bloomberg assigned all rights and interests in FIGI to the Object Management Group (OMG)⁷ who now administers FIGI as an open data standard. Bloomberg has been chosen by the OMG to be the Registration Authority for FIGI identifiers. FIGI is the only existing standard identification symbology currently in production that is a fee-free, license-free activity as per the requirements set out by the OMG. There are no restrictions on use or redistribution. FIGI currently covers more than 330 million financial instruments, including municipal securities. Bloomberg is working with the International Standards Organization (ISO) to have FIGI adopted as an ISO standard financial instrument identifier.

FIGIs are 12 character, alphanumeric, randomly generated IDs covering hundreds of millions of active and inactive financial instruments. In total, there are over 300 trillion potential identifiers available. The identifier itself acts as a Uniform Resource Identifier ("URI") to link to a set of metadata that uniquely and clearly describes an instrument. This method of constructing symbols was chosen based on client feedback which demonstrated the need for a random sequence that produces a unique, non-changing number. FIGIs provide a flexible identification framework and can be assigned at whatever level of granularity a regulator or market participant might need for identification, reporting or aggregation.

FIGI provides broad coverage across multiple asset classes, real-time availability, and flexibility for use in multiple functions. FIGI covers asset classes that do not normally have a global identifier, including loans, futures and options. FIGI numbers currently exist or can be obtained for all municipal bonds having CUSIP numbers and may be looked up and used free of charge through www.openfigi.com or the OpenFIGI Automated Program Interface (API). FIGI numbers can be readily obtained for municipal securities that are not currently required to have CUSIP numbers, as well.

A FIGI can be obtained early in the process of issuing a municipal security and never has to be changed, unlike CUSIPs that can only be obtained on a T+1 basis. This facilitates less manual intervention, fewer data errors, and quicker bookings.

Beyond being able to serve as an identifier for municipal securities, FIGI serves as a framework that enables linking existing identifiers into a standardized relationship structure based on the relevant metadata associated with different identification approaches and symbologies. Access to a centrally available symbology that ties different symbologies together underneath it eliminates firms' need to perform their own mapping exercises, streamlines the trade workflow, reduces operational risk and enables greater data quality.

According to a recent TABB Group report, FIGI is being adopted by vendors, investment managers, hedge funds, exchanges, and regulators because of its utility. Almost a quarter of asset management firms surveyed in that report said they were embracing the Financial Instrument Global Identifier (FIGI) expressly to address data quality and operational reconciliation issues.⁸

⁷ The Object Management Group® (OMG®) is an international, open membership, not-for-profit technology standards consortium, founded in 1989. OMG standards are driven by vendors, end-users, academic institutions and government agencies. OMG Task Forces develop enterprise integration standards for a wide range of technologies and industries. OMGs members include hundreds of organizations including software end-users in over two dozen vertical markets such as finance, healthcare, automotive, insurance and virtually every large organization in the technology industry.

⁸ TABB Group, Building a Framework for Innovation and Interoperability (March 2017) pg. 13-14, available at

Bloomberg

Given their existence and growing usage, FIGI and other appropriate open-standard identifiers should be considered as regulatory alternatives to solely mandating CUSIP numbers in Section 3 of the economic analysis accompanying the Proposed Amendments. Financial market participants would benefit significantly from the reduced costs flowing from the MSRB's allowing the use of FIGI numbers or other appropriate open-standard identifiers as acceptable alternatives to using CUSIP numbers for municipal securities. The MSRB's decision to allow the use of open-standard identifiers as alternatives to closed, proprietary standards such as CUSIP could have wider benefits for regulators and market participants than those related just to the municipal securities covered by the Proposed Amendments. Such a decision could help facilitate the use of open-standard identifiers across multiple asset classes as it would broaden the classes of assets that allow the use of open-standard identifiers for identification.

Therefore, given the existence of open-standard alternatives to CUSIP numbers and the growing interest globally in promoting the use of open-standard identifiers, Bloomberg respectfully suggests that the MSRB consider the availability of such open-standard identifiers in making decisions regarding whether to further mandate the use of CUSIP numbers.

Thank you, once again, for the opportunity to provide comments on the Proposed Amendments. If Bloomberg can answer any further questions or be of further assistance, please feel free to contact me or Eric Juzenas, Global Regulatory Policy Group, 202-807-2038, ejuzenas@bloomberg.net.

Best regards,

Peter Warmes
Senior Manager of Fixed Income, Entity,
Regulatory Content and Symbology