



22 West Washington Street  
Chicago  
Illinois 60602

Telephone: +1 312 696-6000  
Facsimile: +1 312 696-6001

March 2021

Senator Sherrod Brown  
Chair  
Senate Banking Committee

Senator Patrick Toomey  
Ranking Member  
Senate Banking Committee

Re: Proposal to Foster Economic Growth and Capital Formation

Dear Chairman Brown and Ranking Member Toomey,

I write today to propose that the committee take up the Financial Transparency Act (FTA), which would increase the availability of machine-readable corporate financial data—data we aggregate and use to help investors find companies or funds in which they might want to invest.

Requiring machine-readable disclosures lowers the barriers for deriving insights from financial filings. Previously, aggregating financial filing data required the laborious transcription of filed documents, raising the possibility of the introduction of human error, not to mention a lag between when the required disclosures were submitted and the completion of this process.

Moves in the U.S. and around the globe toward structured filings have profoundly increased the transparency of capital markets; investors have significantly easier access to actionable insights derived from company filings, and this data is increasingly becoming available to investors more quickly. These trends toward greater transparency, in turn, improve the efficiency of capital markets, and benefits investors.

We are pleased to see the SEC continue to make strides toward more structured data. However, there is still work to be done and the FTA would ensure that it happens. In particular, mutual fund disclosures still lack the structure necessary to make comparisons between them, as major items on the forms N-CSR are still unstructured. Additionally, data elements in the financial statement, notes to the financial statements, and consolidated financials remain untagged, minimizing their usefulness to capital market participants or at least increasing the time it takes to make meaningful comparisons between funds.

Sincerely,

Aron Szapiro  
Head of Policy Research  
Morningstar, Inc