February 17, 2026

Mr. Jamie Selway
Director, Division of Trading and Markets
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Application of Structured Machine-Readable Language to Security-based Swap Dealer Chief Compliance Officer Annual Compliance Reports

Dear Mr. Selway,

The Securities Industry and Financial Markets Association[1] ("SIFMA") is writing to highlight critical concerns about certain requirements included in the U.S. Securities and Exchange Commission's ("SEC" or Commission") Electronic Submission of Certain Material Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report ("Final Rule").[2] We are taking the opportunity to comment in response to Staff's request for feedback on a draft taxonomy related to the submission of securities-based swap dealer ("SBSD") chief compliance officer annual compliance reports ("CCO ACR")[3] to highlight significant shortcomings in the Final Rule specific to the CCO ACR, but have critical concerns with other requirements, which we look forward to discussing with staff and the Commission in due course.

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1 SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit http://www.sifma.org.

2 *See* Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report, 90 FR 7250 (Jan. 21, 2025).

3 *See* Draft of Updated 2026 Security-Based Swaps (SBS) Taxonomy (Dec. 18, 2025).

Background

In early 2023 the Commission approved a proposed rulemaking covering a very broad number of different types of forms, filings and submissions that are required to be filed with or submitted to the Commission under the Securities and Exchange Act of 1934 and related rules and regulations thereunder ("Proposed Rule").[4] Among many proposed requirements, the Proposed Rule would require the electronic filing or submission on the Commission's Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system, using structured data for certain materials, framed as part of the Commission's effort to modernize its information collection and analysis methods.

In our comment letter submitted on May 22, 2023,[5] SIFMA expressed its support for modernizing the document submission process for broker-dealers, OTC derivatives dealers and SBSDs, and improving the utility and functionality of the forms and their data for the Commission, market participants, and dealers. These included, for example, updates to FOCUS reports which had been the subject of significant and productive discussions between staff and industry aimed at achieving the shared goal of improving functionality and utility of forms and their data.

At the same time, however, we noted strong concern with several requirements (e.g., structured data language for unstructured documents) that would impose significant costs and burdens on market participants without providing a clear benefit. Further, we described many cases where there are mechanisms to achieve the Commission's objectives that would be substantially less costly and burdensome for firms than those proposed. In addition, some aspects of the Proposed Rule, such as the requirement to submit fillable web forms on EDGAR in lieu of PDFs, would undermine the Proposed Rule's goals by introducing inefficiencies and opportunities for human error.

On December 16, 2024, the Commission approved, three vote to two, the Final Rule, retaining most of requirements we urged the Commission to reconsider. The two dissenting Commissioners in their December 16 statement pointed out one of the key themes we raised – that imposing structured data requirements without considering rapid technological advancement runs counter to the stated Commission objectives.[6]

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4 *See* Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report, 88 FR 23920 (Apr. 18, 2023).

5 SIFMA letter in response to the Proposed Rule (May 22, 2023), https://www.sifma.org/wp-content/uploads/2023/05/Electronic-Submission-of-Certain-Materials-Under-the-Securities-Exchange-Act-of-1934.pdf ("SIFMA Letter").

6 *See* Commissioner Hester M. Peirce and Commission Mark T. Uyeda, Dissenting Statement on Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934 and Amendments Regarding the FOCUS Report (Dec. 16, 2024).

Another key theme we raised is that the evaluation on the costs of mandating structured language requirements cannot be conducted properly without staff providing at least a draft taxonomy, the analysis of which would be the first step in any cost assessment. Since no such taxonomy was produced, it was not possible for anyone to accurately assess costs. Further, because the work necessary to comply with structured language requirements – including mapping report content to taxonomy and any necessary report redesign, as well as technological and operational builds and testing – cannot begin until a final taxonomy is published, we urged the Commission to link compliance deadlines for various reports with the publication of a related final taxonomy. The Final Rule set compliance deadlines for registrants without acknowledging the lead time post-publication of a taxonomy needed to accomplish compliance. Further, the Final Rule did not set any deadlines for the publication of taxonomies (or EDGAR functionality for that matter).

By early 2025 there were no published draft, let alone final, taxonomies, and therefore there would not be sufficient time for the implementation of certain of the structured language and EDGAR publication requirements, which would have begun in January 2026. Considering the foregoing, as well as SIFMA's continuing belief that certain requirements in the Final Rule were not fit for purpose, in May 2025 SIFMA wrote to Staff requesting an extension of certain compliance dates.[7] In September 2025, the Commission published a final rule extending compliance dates by 12 months.[8]

Since the publication of the Final Rule, there have been other policy developments relevant to reconsideration of these requirements. In early 2025, President Trump issued executive orders on deregulation which emphasize, among other criteria, that cost of regulation should not outweigh its benefits.[9] Consistent with that mandate, the Commission, together with the U.S. Commodity Futures Trading Commission ("CFTC") launched a workstream on regulatory harmonization efforts, which were kicked off by an SEC-hosted roundtable on September 29, 2025 and followed up by a joint event hosted by the CFTC on January 29, 2026. Coordination and harmonization were highlighted at both events and by both chairmen. Chairman Atkins noted "…for decades, we have compelled market participants to operate within a maze of overlapping and often inconsistent regulatory frameworks that reflect historical boundaries more than modern realities."[10] This imperative applies as aptly to swaps regulation, as it does to regulation of crypto.

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7 Letter from Kyle Brandon, Managing Director, SIFMA (May 13, 2025)

8 *See* Extension of Compliance Dates for Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report, 90 FR 43552 (Sept. 10, 2025).

9 *See* Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative, Executive Order 12866 (Feb. 19, 2025).

10 Chairman Paul S, Atkins, Opening Remarks at Join SEC-CFTC Harmonization Event – Project Crypto (Jan. 29, 2026).

Executive Summary

As discussed in greater detail below, the requirement to submit the CCO ACRs using structured machine-readable language is flawed in many significant ways. While we highlighted many of these concerns and objections to the requirement to use eXtensible Business Reporting Language ("XBRL") in the SIFMA Letter on the Proposed Rule, we provide further comments below to illustrate the need to revisit this requirement well before the January 2027 compliance date.

We believe the imposition of XBRL requirements on the CCO ACR submission is inconsistent with both the risk management purpose and regulatory policy goals of the CCO ACR. Further, it is contrary to the current, broader SEC goals of modernization, efficiency, cost reduction, clarity and harmonization. Consistent with those goals, the current Commission is carefully evaluating, and where appropriate, alleviating regulatory burdens that are not justified on a cost-benefit basis. We believe the imposition of the requirements described in this letter does not meet this Commission's standards.

The previous Commission did not consider adequately the costs imposed by the Final Rule, nor seriously consider available alternatives to achieve its stated goal of improving the usefulness of the CCO ACRs for supervision purposes. There is an opportunity for the Commission to correct that oversight and tailor its requirements to facilitate appropriate supervision without imposing unnecessary costs and undermining the usefulness of this report for the broad range of purposes it serves.

Further, the draft taxonomy is not fit for purpose and includes inconsistencies with the CCO ACR content requirements.[11] For illustration purposes, the draft taxonomy introduces tags for sections that are not required to be submitted as part of the CCO ACR, as well as creates separate tags for subtopics that are part of the same required topic. At the same time, the draft taxonomy is inflexible in that does not contemplate, for example, the ability to submit non-U.S. reports that don't conform to the requirements of SEC Rule 15fk-1(c), as described herein.

Below we elaborate on several key themes we believe support our request that the Commission reexamine and consider withdrawing structured language requirement from the CCO ACR section of the Final Rule.[12] The requirement to apply structured machine-readable language to the CCO ACR:

- Is Incompatible with the Nature and Purpose of the Reports;
- Conflicts with SEC-CFTC Harmonization Goals;
- Undermines Substituted Compliance;
- Adds Unnecessary Complexity and Liability;
- Imposes Unjustified Costs; and
- Was Finalized Without Due Consideration of Lower-Cost Alternatives.

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[11] We provide this non-exhaustive list of examples of inconsistency with the CCO ACR and related requirements for informational purposes, not to imply that we believe the XBRL requirement can be fixed by fixing the taxonomy.

[12] As we mentioned above, we believe reconsideration is also needed in regard to requirements related to the submission of other materials, including structured language requirements for financial and risk reports and EDGAR submission of valuation dispute notices and relying entity notices.

The Requirement to Apply Structured Language to the CCO ACR Is Incompatible with the Nature and Purpose the Reports

Registrants tailor CCO ACRs to the specific needs of each firm, reflecting characteristics such as their specific size, scope, and governance structures. This means reports are inherently different across SBSDs, and therefore a "one-size-fits-all" approach is not appropriate. The Commission, and the CFTC before it, did not create a templated report for good reasons. As a result, the assumption that the CCO ACRs can be standardized to the level contemplated by the draft taxonomy is flawed given how different and unique each firm's structure can be.

For this reason and other reasons described below, CCO ACRs are not directly comparable. Even if sections are tagged in a structured format, they may not be comparable across firms due to legitimate differences in how firms define quantitative figures and present qualitative information. For example, resource figures, effectiveness assessment processes, and executive summaries can vary significantly across firms, due, for example, to the size, jurisdiction, and scope of the firm's broader business(es). Additionally, at any point in time, firms may be at different stages in their program's maturity (newly registered vs. veteran registrants, or remediation vs. business as usual), which will drive further differences in their reports.

Standardization would not benefit internal oversight and could even be detrimental should the report be standardized in a way that enforces a structure and format that isn't conducive to supporting oversight by the internal recipients. Per regulatory requirements, the report is prepared for internal stakeholders, including senior officer, board and audit committee or equivalent body. Specifically, in adopting the final rule related to the CCO ACR, the Commission stated:

> *The Commission believes that requiring submission to the board, audit committee and senior officer will promote an effective compliance system by ensuring that all of these groups, not just the senior officer, have the opportunity to review the report. The Commission believes it is important for the board, the audit committee and the senior officer to all have the opportunity to receive the compliance report so that they remain informed regarding the SBS Entity's compliance system in the context of their overall responsibility for governance and internal controls of the SBS Entity.*[13]

The CFTC, in its final rulemaking on the subject, similarly noted:

> *The annual requirement to compile in a single document the results of a registrant's compliance policies and procedures should serve as an efficient means to focus the registrant's board and senior management on areas requiring additional compliance resources or changes to business practices; it also will*

[13] 81 FR 29960, 30059 (May 13, 2016).

> *provide the Commission with a detailed overview of the state of compliance of the industry as a whole. This annual and ongoing compliance focus will result in increased industry compliance, thereby increasing market security and stability. A secure and stable market fosters increased market confidence and increased activity by investors and hedgers managing risk.*[14]

Implementing mandated reporting changes may necessitate some firms changing how they organize information and structure their reports before they can tag the proposed elements, which potentially introduces complexity when reconciling the report requirements with mandates or preferences of very senior stakeholders.

Furthermore, forcing the CCO ACR into a structured machine-readable format risks eroding the firm-specific nuance and judgement integral to meaningful supervisory assessment. Retaining the narrative form enables the SEC staff to interpret risks with full context and exercise informed prioritized oversight.

In Summary: In addition to increasing time and resources needed, structured data will reduce flexibility necessary for CCOs/registrants and does not provide benefit or promote oversight needs for both SEC staff and internal stakeholders (Senior Officer, Board and Audit Committee).

The Requirement to Apply Structured Language to CCO ACR Conflicts with SEC-CFTC Harmonization Goals

The SEC's requirement for structured data format conflicts with the CFTC's approach, which does not mandate strict formats.[15] The SEC purposefully harmonized with the CFTC on several SBSD report content requirements to allow SBSDs to leverage CFTC procedures. There is nothing about these report requirements that require additional format related requirements for one agency over the other. This is especially burdensome for the nearly 50 entities that are dually registered with the CFTC and SEC. We discuss below alternative approaches that would maintain harmonization, thereby avoid unjustified costs and burdens and enhance the SEC's oversight.

In Summary: The requirement does not comport with the SEC's policy to promote efficiency in regulatory compliance and is contrary to efforts to harmonize swap dealer and security-based swap dealer compliance.

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[14] 77 Fed. Reg. 20128, 20190 (Apr. 3, 2012).

[15] Certain content requirements do apply to non-U.S. SBSD relying on substituted compliance, as discussed in the next section.

The Requirement to Apply Structured Language to CCO ACR Undermines Substituted Compliance

For non-U.S. SBSDs who submit their home country reports to the SEC pursuant to the SEC's substituted compliance framework, the Final Rule requires use of the XBRL taxonomy to tag their home country reports for submission, providing two extra weeks for this work to be done. The SEC requires – and staff has emphasized – that non-U.S. SBSDs relying on substituted compliance must submit their home country compliance reports "as is". Home country requirements will, quite naturally, not align with the SEC's taxonomy, and therefore structured data tagging of home country compliance reports "as is" is not even feasible, regardless of the extra time provided. This would leave the firm with an impossible choice of complying with a core condition of substituted compliance for CCO ACRs or compliance with the tagging requirements of the Final Rule. Further, because substituted compliance for all components SEC Regulation 15fk-1 requirements applicable to SDBS CCOs is "all or nothing" the inability to meet the conditions for substituted compliance for one component – the CCO ACR – would result in SBSDs not being able to rely on substituted compliance for any of the other obligations applicable to CCOs under 15fk-1.

In Summary: This requirement undermines the ability of non-U.S. SBSDs to rely on the SEC's own substituted compliance orders. As described above, firms relying on substituted compliance are required to submit their home country reports "as is" to satisfy the conditions of the substituted compliance orders not only for the CCO ACR, but all obligations applicable to CCOs under 15fk-1. In practice, this means these firms would be required to prepare the same report in different formats: one to satisfy home country requirements and one to satisfy the XBRL requirements. Registrant time and resources would be better spent preparing, validating and refining substantive report content.

The Requirement to Apply Structured Language to CCO ACR Introduces Complexity and Liability

As part of the CCO ACR submission process, the CCO is required to make a certification on the completeness and accuracy of the content of the report ("CCO Certification"). The risk of the current or future staff deciding that the required CCO Certification extends to XBRL tagging may expose CCOs to enforcement actions for technical tagging errors that are unrelated to the substantive accuracy of the report, and will require firms to implement additional processes and controls to ensure tagging accuracy, resulting in additional efforts and administrative costs without commensurate benefit. Further, mis-tagging could potentially be considered a material error, necessitating resubmission of reports.

Setting aside potential liability for tagging inaccuracies, the fact that the draft taxonomy does not align with report content requirements similarly introduces potential uncertainty and confusion

regarding the substantive reporting requirements themselves, which again introduces unnecessary complexity and potential liability. As noted above, the draft taxonomy introduces tags for sections that are not required to be submitted as part of the CCO ACR (e.g., organizational description, non-material non-compliance issues). At the same time, the draft taxonomy is also not broad enough as it does not contemplate the ability to submit non-U.S. reports that don't conform to the requirements of SEC Rule 15fk-1(c), as described above.

In Summary: The use of XBRL tagging increases liability/compliance risk for no demonstrated, meaningful benefit.

The Requirement to Apply Structured Language to CCO ACR Imposes Unjustified Costs

There are a range of direct and indirect costs associated with applying a structured machine-readable language such as XBRL to a report. These range from the cost of licensing software, mapping and restructuring a report to align with a new or changing taxonomy, in many cases identifying and onboarding a new vendor (subject to third party risk management requirements), set up of the report in XBRL, and creation and submission of such reports.

Further, these costs may vary considerably between firms that already have a vendor that will offer XBRL tagging for the CCO ACR and those who do not. Although existing relationships may not even be particularly helpful, as those relationships would only mitigate onboarding costs, as the direct set up, creation and submission costs would apply to each report for each entity. Based on SBSD preliminary discussion with vendors, some do not plan to offer this service because the nature of the report does not match their expertise (which is focused on reporting of quantitative figures not qualitative, narrative report such as the CCO ACR). Also, as noted above, the draft taxonomy does not align with the rules, further hampering the ability of firms or potential vendors ability to provide cost estimates. From the limited feedback received the estimated direct cost of initial XBRL set is in the range of $50,000 and for firms with no experience with XBRL, the set-up cost estimate would be $100,000 or more. The estimated cost for annual creation and submission of each is approximately $100,000.

Indirect costs include the additional resources and time needed to facilitate tagging and review for accuracy, logistics and preparation, as well as the increased risk for error that could result in additional costs associated with re-filing. All of these indirect costs could serve to take away resources from more substantive review or checks supporting the CCO Certification. Compliance resource would be better deployed towards making sure the substance of the CCO ACR is reported accurately, appropriately and sufficiently. SBSDs have spent considerable resources on building tools and systems to capture, organize and synthesize data into the current firm-specific templates to manage and produce CCO ACRs. This requirement could render useless that investment, although the Commission has not demonstrated that the current reports are deficient.

In Summary: The draft taxonomy itself demonstrates the lack of justification for the cost to apply a structured data requirement to a report that is limited in scope to the requirements under 17 CFR 240.15fk-1(c)(2). The draft taxonomy merely confirms that there is no justification for the cost of set up and annual creation and submission using XBRL tagging. Below we discuss many steps that staff could and should explore should it be determined that improved oversight is needed.

The Requirement to Apply Structured Language to CCO ACR Was Finalized Without Due Consideration of Lower-Cost Alternatives

Although we raised the above concerns, among others, in our comment letter, to our knowledge staff did not explore alternative means to achieve their stated goal of improved oversight. Such alternatives could, for example, take the form of:

- Meeting with SBSDs – individually or through industry groups – to discuss concerns and how best to address them.
- Conferring with CFTC and the National Futures Association ("NFA") on their approaches. The CFTC and NFA have more years of experience with these reports and twice as many registrants as the SEC. Understanding their tools and how they perform reviews as well as reviewing CFTC's approach, specifically 2019 guidance,[16] which addresses how to cross-reference or cite the relevant regulation, among other content guidance, would certainly yield some insights.
- Explore efficient and modern techniques for data aggregation. SBSDs currently submit their reports in pdf, which is machine readable. It seems more efficient for a regulator to devise standard queries that can be used across 50 reports than to require 50 reports to be reengineered into XBRL.

Based on discussions with the CFTC and NFA, and consultation with SBSDs, staff could issue FAQs or guidance to enhance reports and develop queries without requiring the expense and collateral consequences of requiring XBRL.

The types of approaches described above would also have the benefit of flexibility, which the Final Rule lacks. As the content of CCO ACRs and technologies evolve, staff can work together with the CFTC, NFA and SBSDs to further enhance and refine the CCO ACR and the techniques applied to aggregate and analyze them. Even in the period since this rule was first proposed, off-the-shelf artificial intelligence tools, particularly large language models, are routinely used for the kind of analysis contemplated in this requirement and can accomplish the same analysis on reports

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[16] *See* CFTC Staff Advisory No. 14-153 (Dec. 22, 2014), CFTC Letter 19-24 (Dec. 4, 2019), and Appendix C to Part 3 Guidance on the Application of § 3.3(e) Chief Compliance Officer Annual Report Form and Content.

with content that is clearly organized and structured to align with the requirements under 17 CFR 240.15fk-1(c)(2).

In Summary: The draft taxonomy was adopted without proper consultation with market participants and swaps regulators with over a decade of experience with CCO reporting, and without due consideration of alternative solutions, rather than insistence on the use of XBRL, which is outdated and ill-suited to the task.

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SIFMA and its members greatly appreciate the Commission's ongoing efforts to modernize and make the reporting and submission process more efficient, as well as streamline and make less burdensome regulatory compliance. We look forward to discussing our comments and collaborating on the best possible outcome for regulatory and compliance oversight. Please do not hesitate to contact the undersigned if you have any questions or require more information.

Sincerely,

Kyle L Brandon
Managing Director, Head of Derivatives Policy
SIFMA

CC: The Hon. Paul S. Atkins, Chairman
The Hon. Hester M. Peirce, Commissioner
The Hon. Mark T. Uyeda, Commissioner