

Financial Research Advisory Committee meeting
July 23, 2015

Discussion Topic 3: Data Sharing

OFR has regularly discussed in its publications, including in our annual reports, the importance of sharing data appropriately within and beyond the regulatory community for financial stability analysis.

The case for sharing is straightforward: No single regulator has all the data needed for the integrated, global view of the financial system that is essential to spot and monitor vulnerabilities. It is essential for regulators to collaborate to assess and prioritize data gaps, and to fill them. By cataloguing and then sharing data, rather than duplicating the collection of the same or similar data, regulators can fill those gaps effectively, and reduce overlaps and the regulatory reporting burdens that can result. We learned during the financial crisis that timely regulatory data sharing could help regulators gain understanding of market developments for informed policy responses. The time to invest in that process is now, before the next crisis hits.

The Financial Stability Oversight Council, in its *2015 Annual Report*, recommended that member agencies explore best practices in data sharing. Member agencies are undertaking this endeavor through the Council's Data Committee, led by the OFR. The OFR is seeking to provide advanced thinking on this topic and consider ways to drive and implement improved data sharing among member agencies.

Any discussion of sharing should distinguish between sharing metadata — descriptions of the data — and the data themselves. Metadata which are not confidential (i.e., most metadata) can be shared without elaborate protocols. Actual sharing of the data requires more, for example, memorandums of understanding, including clear definitions of data to be shared, as well as determinations about who would have access, for what purposes, and under what circumstances. The OFR welcomes input from the committee on best practices in actual data sharing.

One of the Council's early efforts to address better data sharing was development of the Interagency Data Inventory. The inventory is similar to a metadata catalog; it contains a basic description of datasets collected by member agencies. It is updated annually and published on the OFR website. One way to enhance sharing is to build on this concept, specifically by linking the catalogs containing metadata for datasets collected by Council members. This federated approach to metadata sharing would allow the replacement of the current Interagency Data Inventory with standard reporting from linked metadata catalogs. Participants would be able to gain additional dataset details before undertaking the legal, technical and security processes

through which data are shared. A catalog of linked metadata could drive the development of more efficient processes for receiving and granting data sharing requests. The OFR welcomes the Committee's input on these issues.

This system of linked metadata catalogs could provide a foundation to expand data sharing further. One potential expansion would be the centralization of Council member agencies' data collections and administration. Such centralization could provide options and agility for expedited data sharing during normal times, and particularly for rapid response during times of crisis, while allowing agencies to maintain control over access to their data. For example, rather than copying and transferring data from one agency to another (the current practice), a system could be created for users to log in and access data stored in a central location. Also, a centralized platform could offer flexibility to share only aggregated results. One entity could play the role of the central utility, performing the administrative and technical tasks of data collection, and granting access to detailed data or aggregated results. The OFR welcomes the committee's input on this approach.

Discussion Questions

1. Regarding metadata and catalogs, how should the OFR model its data inventory efforts and should there be a central repository for metadata?
2. What should be the appropriate governance for a single entity model for metadata sharing and data sharing? Should a federal government entity manage the centralized U.S. system, or should a federal government entity manage the system through a secure, password-protected website or website section (e.g., knowledgecentral.federalreserve.org)?
3. Regarding virtual sharing, the industry trend is moving toward techniques to process and analyze datasets where they rest (rather than transporting them to other locations to perform these tasks). How can this trend facilitate data sharing? What are the pros and cons?
4. What forms of cybersecurity, data security, and other forms of governance, protocols, and controls constitute best practices in a federated model for sharing metadata or data?
5. What controls should exist across shared data to assure that they have integrity and are fit for purpose?
6. What capabilities, if any, should be available during a crisis (on a "break-the-glass" basis) to support federated data sharing?