

February 11, 2019

Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C., 20552

**Re: Comments Regarding Policy on No-Action Letters and the CFPB Product Sandbox –
Docket No. CFPB-2018-0042**

On behalf of the Electronic Transactions Association (“ETA”), we appreciate the opportunity to share our thoughts on the proposed rulemaking regarding the Consumer Financial Protection Bureau’s (“Bureau” or “CFPB”) No-Action Letter and Regulatory Sandbox proposal. ETA supports the Bureau’s effort to promote innovation and to make it easier for companies to comply with the regulatory burden they face.

ETA is the leading trade association for the payments industry, representing over 500 companies that offer electronic transaction processing products and services, including financial institutions, transaction processors, payments networks, and others. ETA also has members that are engaged in online lending for commercial enterprises, primarily small businesses, either directly or in partnership with other lenders.

ETA’s members are dedicated to providing innovative, convenient, secure, and timely financial services and products that make their customers’ lives easier. The Regulatory Sandbox and No-Action Letter policies provide mechanisms for innovative companies to test new products while ensuring that consumer and small businesses’ best interests are being considered. The Bureau’s proposed No-Action Letter and Regulatory Sandbox policies represent potentially significant improvements in the regulatory environment for financial services.

No-Action Letters

Submitting Applications for No-Action Letters

The proposal includes a number of improvements to the No-Action Letter application process. Of note is the acknowledgement by the Bureau that applicants may wish to have specific business plans or proprietary information treated as confidential information under the Freedom of Information Act, the Bureau’s rule on Disclosure of Records and Information, or other applicable laws and regulations. This is important because businesses that may be interested in obtaining a No-Action Letter may be wary of providing competitive information which, without that protection, could be accessed by competitors and ultimately make the No-Action Letter approach an unappealing one.

The Bureau’s invitation of No-Action Letter applications from trade associations, service providers, and other third parties on behalf of multiple entities in an industry area will greatly

improve the application process and industry engagement with the No-Action Letter policy. This change provides a specific avenue for regulatory clarity on a level playing field, which will help spur innovative products and solutions.

ETA supports the proposal that the Bureau will not bring a supervisory or enforcement action against a recipient of the letter, within the scope of services offered under the letter. The certainty provided by that change in scope could support increased interest from companies considering applying for a No-Action Letter.

Regulatory Coordination

ETA encourages the Bureau to work with and facilitate coordination and cooperation among regulatory agencies. The proposal provides a good starting point and a mechanism for coordination with a goal of promoting a consistent regulatory treatment of innovative financial services products. The Bureau should continue to work with other regulators and state authorities to enter into agreements to issue similar forms of No-Action Letters. The willingness to facilitate coordination makes the No-Action Letter process more appealing for potential applicants within the jurisdiction of multiple state and federal regulatory agencies. Such coordination, when formalized, will ultimately result in a regulatory framework that is efficient and conducive to innovation.

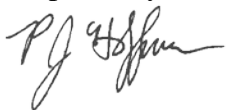
Regulatory Sandbox

ETA supports the Bureau's proposal for a Regulatory Sandbox because it will help to provide a positive policy environment for companies to test innovative new financial services products while ensuring they have appropriate consumer protections. The Regulatory Sandbox policy represents a great opportunity to establish a national program where companies can do meaningful experimentation for innovative products, services, and processes. Permitting meaningful experimentation in the real world, subject to appropriate limitation to ensure that consumers are protected, is highly beneficial for regulators, consumers, and financial services providers alike. This proposal does just that.

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ETA appreciates the opportunity to provide input on this important issue to ensure that it provides the greatest benefit possible. If you have any questions, you can contact me or ETA Senior Vice President, Scott Talbott at stalbott@electran.org.

Respectfully submitted,



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