



Internet Association



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April 2, 2018

Chairman Matthew Lesser
Legislative Office Bldg #4032
Hartford, CT 06106

Chairman Henri Martin
Legislative Office Bldg #2403
Hartford, CT 06106

Chairman Gary Winfield
Legislative Office Bldg #2400
Hartford, CT 06106

Re: Connecticut Raised Bill 5490 – An Act Concerning Consumer Credit Licenses

Dear Chairman Lesser, Chairman Martin, and Chairman Winfield:

The Electronic Transactions Association (“ETA”)¹, Internet Association², and TechNet³ urge the Connecticut Legislature to make the following recommended changes to Raised Bill 5490 regarding money transmitter requirements.

Advertising Disclosures

Section 60 of the Proposed Legislation would add a new Section 36a-611(c) to require each money transmitter licensee’s “unique identifier” (the NMLS ID number) to be “clearly shown on all solicitations or advertisements, including business cards or web sites [sic], and any other documents as established by rule, regulation or order of the commissioner, and shall be clearly stated in all audio solicitous or advertisements...”

¹ **ETA** (www.electran.org) is the leading trade association for the payments industry, representing more than 500 companies that offer electronic transaction processing products and services. ETA’s members include all parts of the electronic payments ecosystem including licensed money transmitters, financial institutions, acquiring banks, merchant service providers and processors, and payment card networks. ETA member companies are creating innovative offerings in financial services, revolutionizing the way commerce is conducted with safe, convenient, secure, and rewarding payment solutions.

² **Internet Association** (www.internetassociation.org) represents more than 40 of the world’s leading internet companies, and advances public policy solutions that foster innovation, promote economic growth, and empower people through the free and open internet.

³ **TechNet** (www.technet.org) is the national, bipartisan network of over 70 technology companies that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet’s diverse membership includes dynamic startups to the most iconic companies on the planet and represents more than two million employees in the fields of information technology, e-commerce, the sharing and gig economies, advanced energy, venture capital, and finance.



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We believe that the required disclosure of the NMLS ID is a solution in search of a problem for Connecticut licensed money transmitters. This requirement would be costly to implement without any identifiable benefits for Connecticut consumers. To the extent that consumers rely on NMLS IDs, requiring licensees to provide the NMLS ID on their website would suffice to provide consumers with notice of the NLMS IS.

An example of an added cost of implementation would be that licensees would be required to evaluate all communications to determine whether they should be deemed to be solicitation or advertisements and then to add their NMLS ID to any other documents that could be “established by rule, regulation or order of the commissioner.” This could include a broad swath of communications.

Another example of added cost of implementation would be that licensed money transmitters generally do not provide business cards to consumers, and those parts of the business that could, such as call center management or business to business sales are generally not consumer facing. The costs associated with every employee at a licensed money transmission company obtaining new business cards, and needing to destroy existing business cards, to meet this proposed requirement, is significantly disproportionate to any benefit, if any, to consumers.

As a result of the unnecessary and disproportionate costs associated with this proposed requirement, we recommend that any language pertaining to the use of the “unique identifier” be removed.

Control Person Provisions

Section 59 of the Proposed Legislation would amend Section 36a-608(e) to provide the commissioner with the express authority to order a licensee to “remove any individual conducting business under [the money transmission act], from office and from employment or retention as an independent contractor in the money transmission business...” This provision, if interpreted broadly, could be read to suggest that the commissioner would have the authority to require a licensee to engage in removals of individuals over whom the licensee does not have the right to make employment decisions. We recommend changing the language to eliminate any ambiguity on this matter.

Recommended Language for Section 36a-608(e)

The commissioner may order a licensee to remove, a director, general partner or executive officer of the licensee in accordance with section 5 of this act. The commissioner may order a licensee to terminate the designation of an authorized delegate in accordance with section 5 of this act.

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We appreciate you taking the time to consider these important issues. If you have any questions or wish to discuss any issues, please contact ETA Director of Regulatory Affairs, PJ Hoffman at pjhoffman@electran.org or 202-677-7417.

Respectfully submitted,

Electronic Transactions Association

Internet Association

TechNet

Cc: Members of the Joint Committee on Banking