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COMMENT LETTER

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April 10, 2018

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In its first Report issued in response to the Executive Order on Core Principles for Financial Regulation, the Treasury Department acknowledged and supported the role of state regulators as the primary regulators of non-bank financial services providers, a role they are uniquely qualified and best positioned to serve. In addition to chartering and supervising more than 78% of our nation's banks, state regulators are the primary regulator for more than 20,000 non-depository financial services providers, including those that employ financial technology in the delivery of products and services. This dual responsibility for bank and non-bank supervision, and the proximity of state regulators to consumers, provides state regulators with unique and increased insight into the financial services marketplace and its impact on consumers, a level of insight unparalleled by any single federal agency.

Over the past decade, the state regulators have created and implemented a system for non-bank supervision that has a foundation in technology-enabled coordinated oversight and extensive information sharing between and among state regulators. Central to this effort is the Nationwide Multistate Licensing System (NMLS). NMLS is a technology platform developed and used by state regulators to enhance state licensing and supervision of non-bank financial services providers operating across the United States. The coordinated oversight enabled through NMLS:

- enhances the efficacy of state oversight;
- reduces duplicative regulatory requirements;
- ensures the continued strength and resiliency of the financial services industry; and
- maintains critical consumer protections.

State regulators are focused on fostering prudent financial innovation by enabling fintech firms to operate on a nationwide scale while maintaining their commitment to these accomplishments. With this aim in mind, state regulators recently launched Vision 2020, an initiative to modernize state regulation of non-bank financial services providers, including fintech firms. Through Vision 2020, state regulators will expand ongoing initiatives to identify common challenges faced by non-bank fintech firms and promote a prosperous and innovative non-bank financial services industry and the integrity of markets.

The following sections of this letter will discuss why maintaining the primary role of the state regulatory system is critical to ensuring the continued protection of consumers and maintaining the strength and competitiveness of the non-bank financial services industry. The letter will also describe the Vision 2020 initiative, focusing on how continual enhancements to the state regulatory system will improve regulatory efficiencies for non-bank financial companies.