



September 13, 2018

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn HOB
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
4340 Thomas P. O'Neill Jr. FOB
Washington, DC 20024

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the National Association of State Credit Union Supervisors (NASCUS), I am writing to make you aware of concerns that state-chartered credit unions and state credit union regulators have regarding HR 6743, the “Consumer Information Notification Requirement Act.” While we can appreciate the goal of developing a uniform national standard for data security and breach notification requirements designed to protect consumers, we believe the more important focus should be implementing the most effective regulatory standard -- whether federal or state.

We are concerned that this particular piece of legislation would interfere with a state’s ability to determine the best mechanism for providing those protections to its citizens. As written, this Act would preempt existing state law pertaining to data breaches and related notification requirements. Many states currently have data security regulations and breach notification requirements in place. NASCUS believes that where a state has an existing data security and breach notification apparatus in place that provides for more stringent protections-- deference should be given to the state law. We believe a state’s legislature and state supervisory agency are in the best position to determine the most effective means to protect its consumers.

In addition, we also believe the current legislation fails to address non-financial entities (such as retail establishments, consumer reporting agencies, hospitals, etc.) that have exacerbated the significant impact of consumer data security breaches. It should be noted that the vast majority of companies responsible for data breaches are not financial institutions and are not subjected to the same rigorous requirements as financial service providers. Any “national standard” would need to incorporate data security compromises that occur within non-financial entities, as well as establish breach notification requirements for those companies. NASCUS must strongly suggest that any entity that collects or stores personally identifiable information has to be held responsible for protecting that data and informing the public when data security measures fail.

As such, state-chartered credit unions and state credit union regulators strongly oppose HR 6743. States have long demonstrated their ability to be more nimble and laser focused in their efforts to address the needs of consumers within their borders. While Congress has been slow to pass legislation to address the impact of numerous data breaches and breach notification failures, states have stepped in to fill the gaps in the law. And, we believe that where a state has a more effective regulatory regime in place—preemption is inappropriate.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lucy Ito". The signature is fluid and cursive, with the first name "Lucy" written in a larger, more prominent script than the last name "Ito".

Lucy Ito
President and CEO
National Association of State Credit Union Supervisors (NASCUS)
Arlington, VA