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Embracing Digitization, Data, and Technology

Recommendation	Policy Responsibility		Core Principle
	Congress	Regulator	
Digitization			
Telephone Consumer Protection Act (TCPA) and Fair Debt Collection Practices Act (FDCPA)			
Treasury recommends that the FCC continue its efforts to address the issue of unwanted calls through the creation of a reassigned numbers database. Treasury recommends that the FCC create a safe harbor for calls to reassigned numbers that provides callers a sufficient opportunity to learn the number has been reassigned.		FCC	F, G
Treasury recommends that the FCC provide clear guidance on reasonable methods for consumers to revoke consent under the TCPA. Congress should consider statutory changes to the TCPA to mitigate unwanted calls to consumers and provide for a revocation standard similar to that provided under the FDCPA.	Congress	FCC	A, F
Treasury recommends that the Bureau promulgate regulations under the FDCPA to codify that reasonable digital communications, especially when they reflect a consumer's preferred method, are appropriate for use in debt collection.		Bureau	A, F
Consumer Financial Data			
Consumer Access to Financial Account and Transaction Data			
Treasury recommends that the Bureau affirm that for purposes of Section 1033, third parties properly authorized by consumers, including data aggregators and consumer fintech application providers, fall within the definition of "consumer" under Section 1002(4) of Dodd-Frank for the purpose of obtaining access to financial account and transaction data.		Bureau	A, F
Treasury recommends that regulators such as the SEC, Financial Industry Regulatory Authority, DOL, and state insurance regulators recognize the benefits of consumer access to financial account and transaction data in electronic form and consider what measures, if any, may be needed to facilitate such access for entities under their jurisdiction. However, Treasury recommends against further legislative action to expand the scope of Section 1033 at this time.	Congress	SEC, FINRA, DOL, State Insurance Regulators	A
Treasury recommends that the Bureau work with the private sector to develop best practices on disclosures and terms and conditions regarding consumers' use of products and services powered by consumer financial account and transaction data provided by data aggregators and financial services companies. If necessary, the Bureau should consider issuing principles-based disclosure rules pursuant to its authority under Section 1032 of Dodd-Frank.		Bureau	A, F

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Treasury believes that consumers should have the ability to revoke their prior authorization that permits data aggregators and fintech applications to access their financial account and transaction data. Data aggregators and fintech applications should provide adequate means for consumers to readily revoke the prior authorization. If necessary, banking regulators and the SEC should consider issuing rules that require financial services companies to comply with a consumer request to limit, suspend, or terminate access to the consumer's financial account and transaction data by data aggregators and fintech applications.		FRB, FDIC, OCC, SEC	A, F
Treasury sees a need to remove legal and regulatory uncertainties currently holding back financial services companies and data aggregators from establishing data sharing agreements that effectively move firms away from screen-scraping to more secure and efficient methods of data access. Treasury believes that the U.S. market would be best served by a solution developed by the private sector, with appropriate involvement of federal and state financial regulators. A potential solution should address data sharing, security, and liability. Any solution should explore efforts to mitigate implementation costs for community banks and smaller financial services companies with more limited resources to invest in technology.		FRB, FDIC, OCC, SEC, FINRA, State Regulators	A
Treasury recommends that any potential solution discussed in the prior recommendation also address resolution of liability for data access. If necessary, Congress and financial regulators should evaluate whether federal standards are appropriate to address these issues.	Congress	FRB, FDIC, OCC, SEC, FINRA, State Regulators	A, F
Treasury recommends that any potential solution discussed in the prior recommendation address the standardization of data elements as part of improving consumers' access to their data. Any solution should draw upon existing efforts that have made progress on this issue to date. If necessary, Congress and financial regulators should evaluate whether federal standards are appropriate to address these issues.	Congress	FRB, FDIC, OCC, SEC, FINRA, State Regulators	A, F

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Treasury recommends that the banking regulators remove ambiguity stemming from the third-party guidance that discourages banks from moving to more secure methods of data access such as APIs.		FRB, FDIC, OCC, Bureau	A, F
To the extent that any additional regulation of data aggregation is necessary, Treasury recommends that it occur at the federal level by regulators that have significant experience in data security and privacy, and that will have, through legislation if necessary, broad jurisdiction to ensure equivalent treatment in the nonfinancial sector.	Congress		F, G
Data Security and Breach Notification			
Treasury recommends that Congress enact a federal data security and breach notification law to protect consumer financial data and notify consumers of a breach in a timely manner. Such a law should be based on the following principles: protect consumer financial data; ensure technology-neutral and scalable standards based on the size of an entity and type of activity in which the entity engages; recognize existing federal data security requirements for financial institutions; and employ uniform national standards that preempt state laws.	Congress		F, G
Digital Legal Identity			
Treasury recommends that financial regulators work with Treasury to enhance public-private partnerships to identify ways government can eliminate unintended or unnecessary regulatory and other barriers and facilitate the adoption of trustworthy digital legal identity products and services in the financial services sector. Treasury also recognizes that the development of digital legal identity products and services in the financial services sector should be implemented in a manner that is compatible with solutions developed across other sectors of the U.S. economy and government.		Treasury, FinCEN, FRB, FDIC, OCC, SEC, State Regulators	F
Treasury supports the efforts of OMB to fully implement the long-delayed U.S. government federated digital identity system. Treasury recommends policies that would restore a public-private partnership model to create an interoperable digital identity infrastructure and identity solutions that comply with NIST guidelines and would reinvigorate the role of U.S. government-certified private sector identity providers, promoting consumer choice and supporting a competitive digital identity marketplace.		OMB, GSA, Commerce	F

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The Potential of Scale			
Cloud Technologies and Financial Services			
Treasury recommends that federal financial regulators modernize their requirements and guidance (e.g., vendor oversight) to better provide for appropriate adoption of new technologies such as cloud computing, with the aim of reducing unnecessary barriers to the prudent and informed migration of activities to the cloud. Specific actions U.S. regulators should take include: formally recognizing independent U.S. audit and security standards that sufficiently meet regulatory expectations; addressing outdated record keeping rules like SEC Rule 17a-4; clarifying how audit requirements may be met; setting clear and appropriately tailored chain outsourcing expectations; and providing staff examiners appropriate training to implement agency policy on cloud services.		FRB, FDIC, OCC, SEC, CFTC, SROs	D, F
Treasury recommends that a cloud and financial services working group be established among financial regulators so that cloud policies can benefit from deep and sustained understanding by regulatory authorities. Financial regulators should support potential policies by engaging key industry stakeholders, including providers, users, and others impacted by cloud services. U.S. financial regulators should seek to promote the use of cloud technology within the existing U.S. regulatory framework to help financial services companies reduce the risks of noncompliance as well as the costs associated with meeting multiple and sometimes conflicting regulations. Regulators should be wary of imposing data localization requirements and should instead seek other supervisory or appropriate technological solutions to potential data security, privacy, availability, and access issues.		Treasury, FRB, FDIC, OCC, SEC, CFTC, SROs	D, F
Big Data, Machine Learning, and Artificial Intelligence in Financial Services			
Regulators should not impose unnecessary burdens or obstacles to the use of AI and machine learning and should provide greater regulatory clarity that would enable further testing and responsible deployment of these technologies by regulated financial services companies as the technologies develop.		Federal and State Financial Regulators	D, F
Treasury recommends that financial regulators engage with the Select Committee on Artificial Intelligence, in addition to pursuing other strategic interagency AI efforts. Engagement in such efforts should emphasize use-cases and applications in the financial services industry, including removing regulatory barriers to deployment of AI-powered technologies.		Federal Financial Regulators	D, F

Aligning the Regulatory Framework to Promote Innovation

Recommendation	Policy Responsibility		Core Principle
	Congress	Regulator	
Modernizing Regulatory Frameworks for National Activities			
Improving the Clarity and Efficiency of Our Regulatory Frameworks			
<p>Treasury supports state regulators' efforts to build a more unified licensing regime and supervisory process across the states. Such efforts might include adoption of a passporting regime for licensure. However, critical to this effort are much more accelerated actions by state legislatures and regulators to effectively reduce unnecessary inconsistencies across state laws and regulations to achieve much greater levels of harmonization. Treasury recommends that if states are unable to achieve meaningful harmonization across their licensing and supervisory regimes within three years, Congress should act to encourage greater uniformity in rules governing lending and money transmission to be adopted, supervised, and enforced by state regulators.</p>	Congress	State Regulators	A, D, F
<p>Treasury recommends that the OCC move forward with prudent and carefully considered applications for special purpose national bank charters. OCC special purpose national banks should not be permitted to accept FDIC-insured deposits, to reduce risks to taxpayers. The OCC should consider whether it is appropriate to apply financial inclusion requirements to special purpose national banks. The Federal Reserve should assess whether OCC special purpose national banks should receive access to federal payment services.</p>		FRB, OCC	A, B, D, F

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	Congress	Regulator	
<p>Federal banking regulators should, in coordination, review current third-party guidance through a notice and comment process. U.S. banking regulators should further harmonize their guidance with a greater emphasis on (1) improving the current tailoring and scope of application of guidance upon third-party vendors to improve the efficiency of oversight and (2) enabling innovations in a safe and prudent manner. Such a review should specifically consider how to:</p> <ul style="list-style-type: none"> • Further develop the framework to regulate bank partnerships with fintech lenders to apply strong and tailored regulatory oversight while also supporting efforts by banks, particularly smaller community banks, to partner with fintechs. • Provide greater clarity around the vendor oversight requirements for cloud service providers, including clarifying how third-party guidance should apply to a third-party's sub-contractors, like cloud service providers (i.e., fourth party vendors). • Support more secure methods for consumers to access their financial data, such as through API agreements between banks and data aggregators. • Identify common tools banks can leverage as part of due diligence efforts, such as robust independent audits, recognized certifications, and collaboration among institutions in an effort to enhance efficiencies and reduce costs. • Maintain ongoing efforts with other federal and state regulators to identify opportunities for harmonization as appropriate. <p>Looking ahead and recognizing the dynamic nature of financial technology developments, the banking regulators should be prepared to flexibly adapt their third-party risk relationships framework to emerging technology developments in financial services. Moreover, banking regulators should consider how to make examiners' application of interagency guidance on third-party relationships more consistent across and within the agencies.</p>		FRB, FDIC, OCC	A, D, F, G
<p>Treasury recommends that the Federal Reserve consider how to reassess the definition of BHC control to provide firms a simpler and more transparent standard to facilitate innovation-related investments. This recommendation is consistent with public comments by Federal Reserve officials who have called for reassessing this issue. In addition, the banking regulators should interpret banking organizations' permitted scope of activities in a harmonized manner as permitted by law wherever possible and in a manner that recognizes the positive impact that changes in technology and data can have in the delivery of financial services.</p>		FRB, FDIC, OCC	A, D, F, G

Updating Activity-Specific Regulations

Recommendation	Policy Responsibility		Core Principle
	Congress	Regulator	
Lending and Servicing			
Marketplace Lending			
Treasury recommends that Congress codify the “valid when made” doctrine to preserve the functioning of U.S. credit markets and the long-standing ability of banks and other financial institutions, including marketplace lenders, to buy and sell validly made loans without the risk of coming into conflict with state interest rate limits. Additionally, the federal banking regulators should use their available authorities to address challenges posed by <i>Madden</i> .	Congress	FRB, FDIC, OCC	A, F
Treasury recommends that Congress codify that the existence of a service or economic relationship between a bank and a third party (including financial technology companies) does not affect the role of the bank as the true lender of loans it makes. Further, federal banking regulators should also reaffirm (through additional clarification of applicable compliance and risk-management requirements, for example) that the bank remains the true lender under such partnership arrangements.	Congress	FRB, FDIC, OCC	A, F
Treasury recognizes the role of state laws and oversight in protecting consumers, but such state regulation should not occur in a manner that hinders bank partnership models already operating in a safe and sound manner with appropriate consumer protections. Treasury recommends that states revise credit services laws to exclude businesses that solicit, market, or originate loans on behalf of a federal depository institution pursuant to a partnership agreement.		States	A, F
Mortgage Lending and Servicing			
Treasury recommends that Ginnie Mae pursue acceptance of eNotes and supports the measures outlined in its <i>Ginnie Mae 2020</i> roadmap to more broadly develop its digital capabilities.		HUD / Ginnie Mae	A, F
Treasury recommends Congress appropriate for FHA the funding it has requested for technology upgrades in the President’s Fiscal Year 2019 Budget – a portion of which FHA would use to improve the digitization of loan files. In addition, FHA, VA, and USDA should explore the development of shared technology platforms, including for certain origination and servicing activities.	Congress	HUD / FHA, VA / USDA	A, F
Treasury recommends the FHLBs explore ways to address their concerns regarding eNotes with the goal of accepting eNotes on collateral pledged to secure advances.		FHLBs	A, F
Treasury recommends that Congress revisit Title XI FIRREA appraisal requirements to update them for developments that have occurred in the market during the past thirty years. An updated appraisal statute should account for the development of automated and hybrid appraisal practices and sanction their use where the characteristics of the transaction and market conditions indicate it is prudent to do so.	Congress		A, F

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Treasury recommends FHA and other government loan programs develop enhanced automated appraisal capabilities to improve origination quality and mitigate the credit risk of overvaluation. These programs may also wish to consider providing targeted appraisal waivers where a high degree of property standardization and information about credit risk exists to support automated valuation, and where the overall risks of the mortgage transaction make such a waiver appropriate. Treasury supports legislative action where statutory changes are required to authorize granting limited appraisal waivers for government programs.	Congress	HUD / FHA, VA, USDA	A, F
Treasury further recommends that government loan programs explore opportunities to leverage industry-leading technology capabilities to reduce costs to taxpayers and accelerate adoption of new technology in the government-insured sector.		HUD / FHA, VA, USDA	A, F
Treasury recommends that states yet to authorize electronic and remote online notarization pursue legislation to explicitly permit the application of this technology and the interstate recognition of remotely notarized documents. Treasury recommends states align laws and regulations to further standardize notarization practices.		States	A, F
Treasury recommends Congress consider legislation to provide a minimum uniform standard for electronic and remote online notarizations.	Congress		A, F
Treasury recommends that recording jurisdictions yet to recognize and accept electronic records implement the necessary technology updates to process and record these documents and to pursue digitization of existing property records.		States	A, F
To address the perception associated with the use of the FCA on mortgage loans insured by the federal government, Treasury recommends that HUD establish more transparent standards in determining which program requirements and violations it considers to be material to assist DOJ in determining which knowing defects to pursue. In doing so, Treasury recommends that: <ul style="list-style-type: none"> FHA clarify the remedies and liabilities lenders and servicers face, which could include, where appropriate, remedies such as indemnification and/or premium adjustments. Remedies should be correlated to the Defect Taxonomy. FHA should continue to review and refine its lender and loan certifications and its loan review system, including the Defect Taxonomy. Lenders that make errors deemed immaterial to loan approval should receive safe harbor from a denial of claim and forfeiture of premiums. Lenders should receive a similar safe harbor for material violations that are cured based on remedies prescribed by FHA absent patterns which indicate a systemic issue. HUD, in determining the appropriate remedies for violations of its program requirements, should consider the systemic nature of the problem, involvement or knowledge of the lender's senior management, overall quality of the originations of a specific lender, and whether or to what extent the loan defect may have impacted the incidence or severity of the loan default. 		HUD / FHA	F

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Treasury recommends that DOJ ensure that materiality for purposes of the FCA is linked to the standards in place at the agency administering the program to which the claim has been filed, and that DOJ and HUD work together to clarify the process by which mutual agreement is reached on the resolution of claims. Where a relator pursues <i>qui tam</i> action against a lender for a nonmaterial error or omission, DOJ, in consultation with HUD and FHA, should exercise its statutory authority to seek dismissal.		DOJ, HUD	F
Treasury recommends Congress consider appropriate remedial legislation if the recommended administrative actions are unsuccessful at achieving the desired result of increasing lender and servicer participation in federal mortgage programs.	Congress		F
Treasury recommends that federally supported mortgage programs explore standardizing the most effective features of a successful loss mitigation program across the federal footprint. Such standardization should broadly align a loss mitigation approach that facilitates effective and efficient loan modifications when in the financial interest of the borrower and investor, promotes transparency, reduces costs, and mitigates the impact of defaults on housing valuations during downturns.		FHFA / GSEs, HUD / FHA, VA, USDA	F
Treasury recommends HUD continue to review FHA servicing practices with the intention to increase certainty and reduce needlessly costly and burdensome regulatory requirements, while fulfilling FHA's statutory obligation to the Mutual Mortgage Insurance Fund (MMIF). In particular, Treasury recommends that FHA consider administrative changes to how penalties are assessed across FHA's multi-part foreclosure timeline to allow for greater flexibility for servicers to miss intermediate deadlines while adhering to the broader resolution timeline, as well as to better align with federal loss mitigation requirements now in place through the Bureau.		HUD / FHA	A, F
Treasury recommends FHA explore changes to its property conveyance framework to reduce costs and increase efficiencies by addressing the frequent and costly delays associated with the current process. As an additional measure, Treasury recommends that FHA continue to make appropriate use of, and consider expanding, programs which reduce the need for foreclosed properties to be conveyed to HUD, such as Note Sales and FHA's Claim Without Conveyance of Title.		HUD / FHA	A, F
Treasury recommends that states pursue the establishment of a model foreclosure law, or make any modifications they deem appropriate to an existing law, and amend their foreclosure statutes based on that model law.		States	A, F
Treasury recommends federally supported housing programs, including those administered by FHA, USDA, and VA, and the GSEs, explore imposing guaranty fee and insurance fee surcharges to account for added costs in states where foreclosure timelines significantly exceed the national average.		FHFA / GSEs, HUD / FHA, VA, USDA	A, F

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Treasury recommends that Ginnie Mae collaborate with FHFA, the GSEs, and the Conference of State Bank Supervisors to expand and align standard, detailed reporting requirements on nonbank counterparty financial health, including terms and covenants associated with funding structures, to provide confidence that taxpayers are protected during a period of severe market stress.		HUD / Ginnie Mae, FHFA / GSEs, CSBS	B
Treasury supports Ginnie Mae's consideration of enhancing its counterparty risk mitigation approach, including through the imposition of stress testing requirements that can provide information on the financial health of servicer counterparties across an economic cycle.		HUD / Ginnie Mae	B
Treasury recommends Ginnie Mae have sufficient flexibility to charge guaranty fees appropriate to cover additional risk arising from changes in the overall market or at the program level.	Congress		B
Treasury recommends a comprehensive assessment of Ginnie Mae's current staffing and contracting policies, including the costs and benefits of alternative pay and/or contracting structures. Ginnie Mae would be better equipped to manage its program and monitor counterparty risk if it were able to more readily attract personnel with requisite expertise by paying salaries comparable to those at other financial agencies with premium pay authority. Additionally, being able to adopt similar contracting procedures as other agencies that are outside of federal acquisition statutes and regulations would enable Ginnie Mae to more effectively monitor and respond to changing market conditions and needs. However, any change to Ginnie Mae's personnel or contracting policies should be informed by a comprehensive assessment of current challenges. The potential benefits of alternative pay and/or contracting structures should be weighed against the additional federal costs that would be incurred.	Congress	HUD / Ginnie Mae	B
Student Lenders and Servicers			
Education should establish guidance on minimum standards specifying how servicers should handle decisions with significant financial implications (e.g., payment application across loans, prioritizing repayment plans, and use of deferment and forbearance options), minimum contact requirements, standard monthly statements, and timeframes for completing certain activities (e.g., processing forms or correcting specific account issues). Treasury applauds the required use of Education branding on servicing materials in the new Direct Loan servicing procurement to reduce borrower confusion.		ED	F
In Education's new Direct Loan Servicing contract, Education should require student loan servicers to make greater use of emails and provide guidance to servicers on how to use email appropriately to balance privacy and security concerns with the need for effective and timely communication. All emails sent to federal student loan borrowers should provide enough information for borrowers to easily discern whether action must be taken on their account.		ED	A, F

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	Congress	Regulator	
Education should contract with providers of secure e-signature software and cloud technology for use by federal student loan servicers on all forms.		ED	F
Education's Office of Federal Student Aid should include in its management team individuals with significant expertise in managing large consumer loan portfolios.		ED	B, F
Education should take steps to address existing data quality issues to better monitor and manage portfolio performance. Education should increase transparency by publishing greater portfolio performance data, servicer performance data, and cost estimation analysis on its website to give stakeholders greater insight into Education's management of the taxpayer investment in higher education.		ED	B, F
Treasury supports legislative efforts to implement a risk-sharing program for institutions participating in the federal student loan program based on the amount of principal repaid following five years of payments. Schools whose students have systematically low loan repayment rates should be required to repay small amounts of federal dollars in order to protect taxpayers' growing investment in the federal student loan program. Congress should consider how to address schools with systematically low repayment rates but large populations of disadvantaged students.	Congress	ED	F
Short-Term, Small-Dollar Installment Lending			
Treasury recognizes and supports the broad authority of states that have established comprehensive product restrictions and licensing requirements on nonbank short-term, small-dollar installment lenders and their products. As a result, Treasury believes additional federal regulation is unnecessary and recommends the Bureau rescind its Payday Rule.		Bureau	F, G
Treasury recommends the federal and state financial regulators take steps to encourage sustainable and responsible short-term, small-dollar installment lending by banks. Specifically, Treasury recommends that the FDIC reconsider its guidance on direct deposit advance services and issue new guidance similar to the OCC's core lending principles for short-term, small-dollar installment lending.		FRB, FDIC, OCC, Bureau, State Financial Regulators	A, D, F
Debt Collection			
Treasury recommends the Bureau establish minimum effective federal standards governing the collection of debt by third-party debt collectors. Specifically, these standards should address the information that is transferred with a debt for purposes of debt collection or in a sale of the debt. Further, the Bureau should determine whether the existing FDCPA standards for validation letters to consumers should be expanded to help the consumer assess whether the debt is owed and determine an appropriate response to collection attempts. Treasury does not support broad expansion of the FDCPA to first-party debt collectors absent further Congressional consideration of such action.		Bureau	F, G

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	Congress	Regulator	
IRS Income Verification			
It is important that IRS update its income verification system to leverage a modern, technology-driven interface that protects taxpayer information and enables automated and secure data sharing with lenders or designated third parties. Treasury recommends Congress fund IRS modernization, which would include upgrades that will support more efficient income verification.	Congress	Treasury	D, F, G
New Credit Models and Data			
Treasury recognizes that these new credit models and data sources have the potential to meaningfully expand access to credit and the quality of financial services. Treasury, therefore, recommends that federal and state financial regulators further enable the testing of these newer credit models and data sources by both banks and nonbank financial companies.		Federal and State Financial Regulators	A, D
Regulators, through interagency coordination wherever possible, should tailor regulation and guidance to enable the increased use of these models and data sources by reducing uncertainties. In particular, regulators should provide regulatory clarity for the use of new data and modeling approaches that are generally recognized as providing predictive value consistent with applicable law for use in credit decisions.		Federal and State Financial Regulators	D, F, G
Regulators should in general be willing to recognize and value innovation in credit modelling approaches. Regulators should enable prudent experimentation with the aim of working through various issues raised, which may in turn require new approaches to supervision and oversight.		Federal and State Financial Regulators	D, F, G
Credit Bureaus			
The FTC should retain its rulemaking and enforcement authority for non-bank financial companies under the GLBA. Additionally, Treasury recommends that the relevant agencies use appropriate authorities to coordinate regulatory actions to protect consumer data held by credit reporting agencies and that Congress continue to assess whether further authority is needed in this area.	Congress	FTC, Bureau	F, G
Treasury recommends that Congress amend CROA to exclude the national credit bureaus and national credit scorers (i.e., credit scoring companies utilized by financial institutions when making credit decisions) from the definition of “credit repair organization” in CROA.	Congress		F, G
InsurTech			
Lawmakers, policymakers, and regulators should take coordinated steps to encourage the development of innovative insurance products and practices in the United States. Domestically, this includes consideration of improving product speed to market, creating increased regulatory flexibility, and harmonizing inconsistent laws and regulations.	Congress	Federal and State Financial Regulators	F, G

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Treasury's Federal Insurance Office, which provides insurance expertise in the federal government, should work closely with state insurance regulators, the NAIC, and federal agencies on InsurTech issues.		Treasury, Insurance Regulators, NAIC	F, G
Payments			
Money Transmitters			
Treasury supports the Bureau's ongoing efforts to reassess Regulation E. Treasury recommends that the Bureau provide more flexibility regarding the issuance of Regulation E disclosures and raise the current 100 transfer per annum threshold for applicability of the de minimis exemption.		Bureau	A, C, F, G
Faster Payments			
Treasury recommends that the Federal Reserve set public goals and corresponding deadlines consistent with the overall conclusions of the Faster Payments Task Force's final report.		FRB	C, D, F
Treasury recommends that the Federal Reserve move quickly to facilitate a faster retail payments system, such as through the development of a real-time settlement service, that would also allow for more efficient and ubiquitous access to innovative payment capabilities. In particular, smaller financial institutions, like community banks and credit unions, should also have the ability to access the most-innovative technologies and payment services.		FRB	C, D
Secure Payments			
Treasury recommends that continued work in the area of payment security include an actionable plan for future work, and ensure that solutions, especially in security, do not include specific tech mandates.		FRB, Treasury, Federal Financial Regulators	D, F
Wealth Management and Digital Financial Planning			
Treasury believes that appropriate protection for clients of financial planners, digital and otherwise, can be achieved without imposing either a fragmented regulatory structure or creating new regulatory entities. Treasury recommends that an appropriate existing regulator of a financial planner, whether federal or state, be tasked as the primary regulator with oversight of that financial planner and other regulators should exercise regulatory and enforcement deference to the primary regulator. To the extent that the financial planner is providing investment advice, the relevant regulator will likely be the SEC or a state securities regulator.		SEC, FINRA, DOL, Bureau, FRB, OCC, FDIC, State Regulators	A, F, G

Enabling the Policy Environment

Recommendation	Policy Responsibility		Core Principle
	Congress	Regulator	
Agile and Effective Regulation for a 21st Century Economy			
Regulatory Sandboxes			
Treasury recommends that federal and state financial regulators establish a unified solution that coordinates and expedites regulatory relief under applicable laws and regulations to permit meaningful experimentation for innovative products, services, and processes. Such efforts would form, in essence, a “regulatory sandbox” that can enhance and promote innovation. If financial regulators are unable to fulfill those objectives, however, Treasury recommends that Congress consider legislation to provide for a single process consistent with the principles detailed in the report, including preemption of state laws if necessary.	Congress	Federal and State Financial Regulators, SROs	D, F, G
Agile Regulation			
Treasury recommends that Congress enact legislation authorizing financial regulators to use other transaction authority for research and development and proof-of-concept technology projects. Regulators should use this authority to engage with the private sector to better understand new technologies and innovations and their implications for market participants, and to carry out their regulatory responsibilities more effectively and efficiently.	Congress	Federal Financial Regulators	D, F
Treasury encourages regulators to appropriately tailor regulations to ensure innovative technology companies providing tools to regulated financial services companies can continue to drive technological efficiencies and cost reductions. Treasury encourages regulators to seek out and explore innovative partnerships with financial services companies and regtech firms alike to better understand new technologies that have the potential to improve the execution of their own regulatory responsibilities more effectively and efficiently.		Federal and State Financial Regulators	D, F
Treasury recommends that financial regulators pursue robust engagement efforts with industry and establish clear points of contact for industry and consumer outreach. Treasury recommends that financial regulators increase their efforts to bridge the gap between regulators and start-ups, including efforts to engage in different parts of the country rather than requiring entities to come to Washington, D.C.		Federal and State Financial Regulators, SROs	D, F, G
Treasury recommends that financial regulators periodically review existing regulations as innovations occur and new technology is developed and determine whether such regulations fulfill their original purpose in the least costly manner.		Federal and State Financial Regulators, SROs	D, F, G

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Treasury recommends that financial regulators engage at both the domestic and international levels, as financial technology in many cases is borderless. Treasury encourages international initiatives by financial regulators to increase their knowledge of fintech developments in other nations.		Federal Financial Regulators	D, E, F
Critical Infrastructure			
Treasury recommends that financial regulators thoroughly consider cybersecurity and other operational risks as new technologies are implemented, firms become increasingly interconnected, and consumer data are shared among a growing number of firms, including third parties.		Federal and State Financial Regulators, SROs	B, C, D, F
Treasury recommends that the FBIIC consider establishing a technology working group charged with better understanding the technologies that firms are increasingly relying upon, and staying well-informed regarding innovation taking place within the sector.		FBIIC	F, G
Treasury commits to leading a multiyear program with the financial services industry to identify, properly protect, and remediate vulnerabilities.		Treasury	F, G
International Approaches and Consideration			
International Engagement			
Treasury recommends continued participation by relevant experts in international forums and standard-setting bodies to share experiences regarding respective regulatory approaches and to benefit from lessons learned. Treasury will work to ensure actions taken by international organizations align with U.S. national interests and the domestic priorities of U.S. regulatory authorities.		Federal Financial Regulators, Treasury	D, E
Treasury and U.S. financial regulators should engage with the private sector with respect to ongoing work programs at international bodies to ensure regulatory approaches are appropriately calibrated.		Federal Financial Regulators, Treasury	D, E
Treasury and U.S. financial regulators should proactively engage with international organizations to ensure that they are adhering to their core mandates.		Federal Financial Regulators, Treasury	D, E