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**VIA ELECTRONIC MAIL**

May 12, 2026

Rep. Michael Marcotte, Chair  
Rep. Edye Graning, Vice Chair  
House Committee on Commerce and Economic Development  
115 State Street  
Montpelier, VT 05633-5301

Dear Chair Marcotte, Vice-Chair Graning, and Committee Members:

As you continue to consider amendments to S.71, the Department would like to make several technical suggestions to the current House version of the bill to ensure that the exemptions fully encompass service providers that both DFR and its regulated entities rely on. However, please note that the Administration supports the unanimously Senate-passed version of S.71.

First, as noted in last week's FINRA-NFA letter to the Committee, the Senate-passed version of the bill included an exemption in proposed 9 V.S.A. §2417(a)(5) for a "national securities association that is registered under 15 U.S.C. §78o-3 of the Securities Exchange Act of 1934, as may be amended" (page 12 of the unofficial copy of the bill). DFR concurs with FINRA-NFA on the need for this exemption, and their proposed exemption of a commodities association as well. It is unclear why this language was excluded from the House version of the bill.

Second, DFR would also propose exemptions for similar entities that are critical partners to DFR's work regulating banking, insurance, and securities: the National Association of Insurance Commissioners (NAIC); National Insurance Producer Registry (NIPR); North American Securities Administrators Association (NASAA); Conference of State Bank Supervisors (CSBS); National Association of State Credit Union Supervisors (NASCUS); and Nationwide Multistate Licensing System (NMLS).



These entities collect and maintain data on the companies and individuals regulated by the Department. Some of them also operate the consumer complaint portals for Vermonters who report a problem with a regulated entity under DFR's jurisdiction. Given their close relationship to DFR, they should be exempted under the same framework that applies to state agencies and departments. These are generally nonprofit membership organizations, and likely would have been covered under the nonprofit organization exemption in proposed 9 V.S.A. §2417(a)(3), also on page 12 of the unofficial copy of the Senate-passed bill.

Without that exemption, these organizations are potentially subject to the bill despite having existing, robust data security and privacy standards that enable them to act as a service provider for state regulators across the country.

If the Committee would prefer not to specifically refer to these individual organizations in statute, it could consider a) restoring the nonprofit organization exemption; b) modifying the exemptions in proposed 9 VSA §2415c(a), on pages 17-18 of draft 3.3; or c) restoring modified language from the proposed §2417(a)(2) of the Senate-passed bill.

For example, under suggestion (b) above, the state government exemption in §2415c(a)(1) could be expanded to include "any organization under contract with or consisting of members of a government agency." Or, under suggestion (c) above, the reference in §2417(a)(2) could broaden the reference to "consumer health data" as follows: "person who has entered into a contract with an entity described in subdivision (1) of this subsection, or is a nonprofit membership organization of which an entity described in subdivision (1) of this subsection is a member, and processes consumer health data on behalf of or in collaboration with the entity."

Thank you for your consideration of these proposed edits. Please do not hesitate to contact us if you have any questions, or if any additional information would be helpful.

Sincerely,

/s/ Joe Valenti

Joe Valenti  
Director of Policy

cc: Rik Sehgal, Legislative Counsel

