



# Internet Association

December 7, 2015

The Honorable Jeb Hensarling  
Chairman  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member  
House Committee on Financial Services  
4340 Thomas P. O'Neill, Jr. Office Building  
Washington, DC 20515

The Honorable Randy Neugebauer  
Chairman, Subcommittee on Financial  
Institutions and Consumer Credit  
House Committee on Financial Services  
1424 Longworth House Office Building  
Washington, DC 20515

The Honorable John Carney  
1406 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Hensarling, Ranking Member Waters, Representative Neugebauer, and Representative Carney:

The Internet Association is the unified voice of the Internet economy, representing the interests of leading Internet companies and their global community of users.<sup>1</sup> It is dedicated to advancing public policy solutions to strengthen and protect Internet freedom, foster innovation and economic growth, and empower users. Included in these policy goals is the protection of consumers and their data through effective safeguards and notification procedures.

We appreciate the work done by the Committee on the *Data Security Act of 2015* (H.R. 2205) to narrowly craft legislation that would provide businesses the guidance necessary for meaningful data protection standards. In particular, the work done to define clear harm-based trigger standards, carefully define personally identifiable information, and allow companies flexibility in notification methods most appropriate for their consumer relationships. The bill also critically focuses on a federal standard for consumer notification of a data breach, which will empower businesses to be more effective than under the current patchwork of state laws.

As you consider the language of the *Data Security Act*, we would highlight several important provisions impacting the Internet industry that we hope the Committee will consider amending as the bill moves forward. The legislation as introduced would require a diverse array of industries to apply regulatory standards currently required of financial institutions under the Gramm-Leach-Bliley Act (GLB) Safeguards Rule. These standards, codified over 15 years ago specifically for complex consumer financial services, would be inappropriate for Internet companies, who are currently regulated by the Federal Trade Commission (FTC) and many separate state data breach laws. To promote a shared goal

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<sup>1</sup> The Internet Association's members include Airbnb, Amazon, auction.com, Coinbase, Dropbox, eBay, Etsy, Expedia, Facebook, FanDuel, Gilt, Google, Groupon, Handy, IAC, Intuit, LinkedIn, Lyft, Monster Worldwide, Netflix, Pandora, PayPal, Pinterest, Practice Fusion, Rackspace, reddit, salesforce.com, Sidecar, Snapchat, SurveyMonkey, TripAdvisor, Twitter, Yahoo, Yelp, Uber, Zenefits and Zynga.



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of consumer protection without hampering innovation, standards must be flexible and reflect the rapid rate of change occurring in innovative industries such as ours. Standards centered on “reasonable” efforts, like those currently used by the FTC, provide flexibility and have proven effective over time.

Additionally, the *Data Security Act of 2015* would also empower the FTC to penalize covered industries and impose new fines. Excessive regulatory enforcement that unfairly targets specific industries detracts from the goal of finding workable solutions. Additionally, without rules protecting small businesses and entrepreneurs, these standards will hamper innovation particularly from startups, which would be unable to comply with the same regulatory burdens as larger, established companies.

We hope you will take these and other critical issues in to consideration as you continue the legislative process on *The Data Security Act*. We look forward to working constructively with the Committee on this important issue for consumers and businesses, and appreciate your attention to these issues.

Respectfully Submitted,

Michael Beckerman  
President & CEO