

---

## Senate Bill 251

Date: February 2, 2021  
Committee: Senate Finance Committee  
Bill Title: Commissioner of Financial Regulation – Modernizing Nondepository Licensing; Elimination of Paper License Requirements  
Re: **Letter of Support**

---

This bill eliminates the requirement that certain licensees hold and maintain paper licenses. It will replace their paper licenses with the credentials that are assigned to each of them by the Nationwide MultiState Licensing System (NMLS) thereby fully transitioning licensing to an electronic system in lieu of a paper system (*i.e.*, a licensee's NMLS number will serve as their license number). The change will benefit consumers, licensees, and the Office of the Commissioner of Financial Regulation (OCFR).

This legislation leverages Maryland's use of the NMLS. Today, licensees are assigned an NMLS identification number that the OCFR must then translate to a local system for production of a paper license (NMLS does not provide for paper licenses). Switching to reliance upon the NMLS will increase the speed of license issuance and eliminate expense to the OCFR of providing paper licenses. Moreover, reliance upon the NMLS means that consumers will have an electronic tool at their disposal that they can utilize to obtain up-to-date information on licensed entities. Licensed entities will be able to fully utilize the system to make disclosures and/or disseminate relevant licensing information. For example, if adopted, consumers will have the ability to verify, or otherwise validate, the status of a license electronically through the NMLS, rather than through the OCFR's paper licensing system - resulting in a more efficient, accurate, and effective method of accessibility to such information. Consumers that may not have electronic capabilities will be able to rely upon the advertised information because Licensees will be required to list NMLS consumer access information as well as their NMLS Identification Number in all advertisements and other related signage in consumer-accessible areas.

Use of the NMLS is part of a broader national trend towards networked supervision of multi-state, non-depository financial service providers. That trend has seen all the states adopt use of the NMLS in one form or another and it is accelerating. Certain neighboring states that have similarly eliminated or modified paper license requirements for nondepository licensees include: PA, VA, DE, NJ, CT, MA, RI, and DC. OCFR is unable to estimate the exact decrease in expenditures attributable to this bill but a decrease is expected attributable to a reduction in staff time, processing time, and other administrative burdens typically associated with issuing paper licenses.

**For these reasons, the Department respectfully requests a favorable report from the Committee on LR15.**