



December 8, 2015

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

**Re: Oppose The Data Security Act of 2015 (H.R. 2205)**

Dear Chairman Hensarling:

We strongly oppose H.R. 2205, the “Data Security Act of 2015,” which is slated for markup in the House Financial Services Committee on December 8, 2015. H.R. 2205 would weaken data security and data breach notification standards across the country while imposing exorbitant liability risks, unjustified reputational harms, and compliance costs on small businesses like convenience stores. We urge you to vote against it.

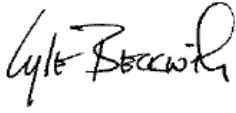
The convenience store industry is committed to strong data security and makes significant investments to protect consumer data. H.R. 2205’s data security provisions would impose unworkable and costly data security requirements on the 150,000 plus stores in our industry and on millions of other businesses in every sector of the U.S. economy. These data security requirements are overly rigid and inappropriate. They will make the bill a “gotcha” game for enforcement authorities and plaintiffs lawyers who will be able to argue that the checklist in the bill is an industry standard to which every company must adhere.

Our industry believes in effective data breach notification which is only possible if the default rule is that the entity that suffers the breach is responsible for notification. Problematically, this legislation would allow providers of “services,” including payment processors and telecommunications companies among many others, to push their notice obligations onto small businesses. Our members and other such businesses would then be required to undertake the expense of notification, the resulting reputational harm, and the risk of enforcement actions and liability for inadequate notices that should be the responsibility of the company that has the breach. This will also lead to consumer confusion as consumers get multiple notices regarding the same breaches from companies that did not have the breach at all. This is unfair and the over-notification will make people ignore the notices to which they should pay attention. And, for the companies that do not have to provide notice of their own breaches, it will undermine their incentives to improve data security.

H.R. 2205 was drafted without the input of the businesses, like convenience stores, that it seeks to regulate. And it takes the unusual tack of regulating businesses outside of the committee’s jurisdiction while providing special exemptions from its requirements for businesses within the committee’s jurisdiction. It is not surprising, therefore, that it imposes untenable and costly

requirements on businesses to which it applies. We actively oppose H.R. 2205 in its current iteration and urge you to vote against this bill.

Respectfully,

A handwritten signature in black ink, appearing to read "Lyle Beckwith". The signature is fluid and cursive, with the first name "Lyle" and last name "Beckwith" clearly distinguishable.

Lyle Beckwith  
Senior Vice President, Government Relations  
NACS