

To: specialpurposecharter@occ.treas.gov.

Re: The Comments of globaliD Regarding the OCC's Proposed Special Purpose National Bank Charter

globaliD appreciates the opportunity to comment on the Office of the Comptroller of the Currency's ("OCC") recent proposal to establish a Special Purpose National Bank Charters for Fintech Companies (the "**Proposal**"). globaliD is supportive of the Proposal and congratulates the OCC on its innovative and thoughtful regulatory approach to this important issue. We believe very strongly that US consumers, and even consumers outside of the United States, will benefit from this Proposal -- particularly those now currently excluded from the financial system. Significantly, the Proposal also has the potential to help individuals living inside and even outside of the United States become part of the global financial system.

We look forward to working with the OCC to successfully implement the Proposal. We are convinced that if properly implemented the Proposal will significantly contribute to the public policy goal of increasing financial inclusion for the unbanked, and assist consumers that are already participating in the financial system by reducing the costs of financial products, increasing the transparency of financial transactions, and generally giving them more immediate control over their financial affairs.

globaliD's Background and Purpose

globaliD is a fintech start-up based in San Francisco, California whose business is centered around creating "portable identities" for consumers; identities that will provide parties with the ability to have trusted credentials. The trusted credentials that the globaliD solution provides can be used to privately and to securely authorize permission-based activities, including but not limited to monetary transactions. In other words, one of the goals of globaliD is to allow consumers to have trusted credentials that they can use to hold, send, receive, convert and spend money in a way that would comply with applicable laws and regulations, particularly those rules and regulations generically known as Anti-Money Laundering/Know Your Customer rules ("**AML/KYC Rules**").

We strongly believe that globaliD's offerings and reach would be enhanced by grounding its capabilities in a Special Purpose National Bank Charter. Such a bank would, among other things, encourage the adoption and propagation of our innovative portable identity technology in a compliant manner, which among other things would mean the use of our solution in a manner compliant with existing AML/KYC Rules. A bank would offer consumers increased choices as well as better, more customized services offered by fintech companies in general. Importantly, offering this service through a regulated entity that is regularly examined would reduce risks to consumers and the financial system.

The OCC and perhaps other regulators would have complete transparency into how our innovative technology is being used. In addition, consumers would no longer be bound to the legacy technology and solutions of traditional banks that effectively bind them to the older, more inflexible and brittle ways of doing things -- approaches that are expensive and inefficient and which have resulted in duplicative silo regimes for identity credentials. For example, the legacy approaches now used by financial institutions have, among other things, proved hackable as well as generally being a poor foundation for BSA/AML/KYC capabilities relative to what best practice outcomes could be. We believe our solution fills this shortfall.

Those of us who have used current solutions to identify bank customers to satisfy the obligations of the AML/KYC Rules are keenly aware that the existing process is often more art than science, and that existing solutions generates a large number of false positives that must be manually resolved. Consumer ultimately pay for flawed process in the form of time, i.e., delays in completing the transactions they have requested and money, since they must indirectly pay for the costs imposed on their banks by these false positives.

This archaic, haphazard approach to identity is ripe for replacement by a more modern, more efficient, less expensive system like the one developed by globaliD. Our identity solution will reduce systematic risks, reduce the costs of financial transactions to consumers, increase transaction processing speeds, and provide consumers with better, more efficient services. Importantly, as noted at the beginning of this letter, the globaliD solution will allow individuals who are currently prevented from receiving financial services by the flawed, legacy solutions now used by financial institutions to participate in the global financial system. If our solution is offered through a national bank charter regulated by and regularly examined by the staff of the OCC, then any issues will be promptly identified and quickly corrected by globaliD. We are convinced that offering our identity solution through a highly regulated bank is the best way to introduce our new technology into the global financial markets.

globaliD's Objectives

Clearly, our goals are not modest. globaliD bank ultimately aims to provide *every* legitimate person and entity in the world access to an FDIC insured stored value account (“aka hot wallet¹”) for holding, sending, receiving, converting and spending funds.² As long as applicants are identifiable in a compliant manner (which globaliD fosters) the intention is to provision each consumer using our services with a hot wallet from which funds can be moved instantly to any other corresponding hot wallet holder.

As all globaliD account holders are on a single master ledger, all movements of funds between globaliD holders can occur instantly and at a marginal cost of nearly zero. If globaliD accounts

¹ By hot wallet we mean electronic funds directly and instantly accessible and movable on the Internet without necessarily touching or changing a ledger entry in a traditional bank based accounting ledger.

are also bank accounts, then funds in a hot wallet can also move into and out other custodial offerings from legacy payment networks in a host country. For the United States, this would mean direct access to other bank accounts via ACH and FedWire, as well as to card based funds via the Visa, Mastercard, Amex, Discover networks.

A key advantage of the globaliD solution is that it uses both traditional and non-traditional sources of data to verify identity. Legacy practices of over reliance on narrow Customer Identification Program (“CIP”) attributes of name, D.O.B., address and tax ID have proven extremely vulnerable to identity theft and hacking forays. Alternative identity markers in an era of the Internet, social networks, and ubiquitous mobile telephony are recognized by national security entities as more helpful for the detection of illicit and terrorist parties.

globaliD attestations begin with the confirmation of (and binding to) a working mobile phone number on the part of consumers/users. In addition to confirmation of a particular phone number, SIM card, physical phone and range of IP addresses, the use of the mobile phone as foundation for identity also provides key additional indicators such as the contact list of the consumer, and potentially the GPS coordinates of the consumer when undertaking particular actions. Mobile technology on the consumer’s phone also allows for the imaging of additional credentials such as government issued IDs and “selfies” that can be matched and verified for authenticity. And finally, the acceptance and reliance on additional identity indicators from social networks, that are also accessed via mobile phones, serve to round out a much more robust (and portable) identity foundation than that which is currently relied upon for financial institutions for their CIP policies and procedures.

In sum, globaliD is introducing superior compliance tools and thus increasing the scope for financial inclusion by applying our modern, cutting edge identity solutions to underserved populations -- not just in the United States but everywhere in the world. Without a bank license, Global iD would be forced to persuade (one bank at a time) various groups of consumers and other potential users of our product to convert from their legacy regimes to a new paradigm of portable identity. But with a bank charter, globaliD can service all consumers and business users directly, and regardless of whether they still maintain a traditional "vault" bank account with silo restricted capabilities and reach. Consumers and other users of the globaliD identity solution would all have hot wallets that are interoperable both with each other **AND** with the traditional banking system and existing legacy accounts both in the US and potentially overseas.

Significantly, globaliD would represent a radical market positioning as individuals and entities that are actually outside of the US would be highly incented to join the globaliD bank to garner the benefits of interoperability for sending, receiving, converting and spending funds, on top of the safety and soundness benefits of having funds held in a safe currency (USD) and with a safe guarantee (FDIC insurance). As such, globaliD bank would represent a "quality destination" for many people and businesses not just in the US but also around the world. In essence, the availability of global custodial and payment services would, for the first time, be an export to the rest of the world for folks on the first rung of financial inclusion rather than just for high net

worth individuals looking for a safe haven. As noted above, regulation by the OCC would ensure quality and reduce risks. globaliD would be very pleased to work with the staff of the OCC to help them understand and address any concerns they may have regarding the use of our identity solution outside of the United States.

Sharing of Customer Account Data with Permissioned Third Party Providers

Finally, we believe that as part of the Proposal, the OCC should adopt the approach of the Consumer Financial Protection Bureau³ and mandate bank customers can freely give access to their account data and other personal financial records held by banks and other institutions to third party fintech companies. Such an approach would also be consistent with the approach taken by the European Union's revised Payment Services Directive ("**PSD2**"), which would require banks to grant third party providers access to a customer's online account/payment services in a regulated and secure way. This "Access to Account" (XS2A) rule effectively mandates banks and other account-holding payment services providers to facilitate secure access via application programming interfaces to the customer data in their possession and control. We strongly believe is that this is the model for account access that should be used in the United States.

There are two reasons for our including this request in our comment letter. First, both the CFPB and the European Union have recognized that granting such access to third parties is necessary to prevent the holders of consumer accounts from perhaps using their position to inhibit innovation and all the good things that would come to consumers as a result of such innovation. Second, consumers, fintech companies and even banks and credit unions would benefit if one clear set of rules governed access to customer account data in not only the United States, but to the degree it is possible, globally. We believe it would be very persuasive to banks if the OCC were to adopt the same approach as that being adopted by the CFPB and the European Union.

³ As you are no doubt aware, on November 17, 2016 the Consumer Financial Protection Bureau ("**CFPB**") announced it was launching an inquiry into the challenges consumers face in assessing, using and securely sharing their financial records with fintech companies. The CFPB noted that consumer financial records are maintained by account providers, such as banks or credit unions, and that consumers want the option of allowing companies that use consumers' financial account information to offer new products and services aimed at making it easier, cheaper or more efficient for consumers to manage their financial lives. The CFPB has stated that their goal is to: "foster an environment where competing providers can securely obtain, with consumer's permission, the information needed to deliver innovative products and services that will benefit consumers." See <http://www.consumerfinance.gov/about-us/newsroom/cfpb-launches-inquiry-challenges-consumers-face-using-and-securely-sharing-access-their-digital-financial-records/>

Conclusion

globaliD appreciates the opportunity to comment on the Proposal. Again, we congratulate the OCC for its foresight and courage in putting forth the Proposal.

We would appreciate a chance to meet with the OCC staff and show the working apps and software that already lay this foundation, but struggle to scale based on the current hodgepodge of access to US markets due to the fractured regulatory regime that forces globaliD to rely on state money transmitter licenses of its partners to gain clarity for operating authority in the US. The current system, as noted above, also undermine any hope that such offerings could actually be offered to service non-Americans as well. We believe and hope that a proper implementation of the Proposal would address this burdensome and unfair issues.

Should you have any questions, please contact me at:

Sincerely,

//S//

Greg Kidd
CEO and co-founder
globaliD