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IDFPR Announces Landmark Legislation to Launch Illinois Consumer Financial Protection into the Digital Age

Proposals would establish critical consumer protections for cryptocurrencies and other digital assets and solidify Illinois’s status as a national leader in defending consumers against financial predators

CHICAGO – The Illinois Department of Financial and Professional Regulation (“IDFPR”) announced today the Consumer Financial Protection and Innovation Package, a pair of legislative initiatives designed to protect Illinois residents from financial fraud and abuse and establish regulatory oversight of cryptocurrencies and the broader digital asset marketplace.

The Fintech-Digital Asset Bill (HB 3479/SB 2233) establishes regulations for digital asset businesses and modernizes regulations for money transmission in Illinois, while the Consumer Financial Protection Bill (HB 3483/SB 2232) empowers IDFPR to enforce those regulations and strengthens its authority and resources for existing consumer financial protections. Both measures are sponsored by Representative Mark Walker in the House and Senator Laura Ellman in the Senate.

“States occupy a core role in overseeing the financial marketplace and Illinois stands ready to usher in the future of consumer financial protection,” said IDFPR Secretary Mario Treto, Jr. “These two proposals combined will bring Illinois consumer financial protection into the digital age and provide 21st Century protections for 21st Century threats.”

Like regulation in place in New York and under consideration in the California legislature, the Fintech-Digital Asset Bill requires digital asset exchanges and other digital asset businesses to obtain a license from IDFPR to operate in Illinois. The bill also establishes robust customer protections, including investment disclosures, customer asset safeguards, and customer service standards. Additionally, the bill requires companies to have plans and procedures for addressing critical risks such as cybersecurity, business continuity, fraud, and money laundering, as well as sufficient financial resources to effectively conduct their business in Illinois. Further, the bill replaces the Transmitters of Money Act (205 ILCS 657) with the Money Transmission Modernization Act, thereby harmonizing state licensing, regulation, and supervision of money transmitters operating across state lines. The bill also allows for the creation of trust companies for the special purpose of acting as a fiduciary to safeguard customers’ digital assets.

“You can’t scroll through your phone these days without seeing a headline about the latest tech scam or cryptocurrency collapse wiping out someone’s savings,” said IDFPR Regulatory Innovation Officer David DeCarlo. “Robust and nimble financial regulation is essential for defending Illinois residents against fraud and abuse, protecting legitimate businesses from unfair competition, and promoting responsible innovation in our state.”

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Modeled after the law that created the federal Consumer Financial Protection Bureau, the **Consumer Financial Protection Bill** provides IDFPR with the authority and resources needed to enforce the **Fintech-Digital Asset Bill** as well as existing consumer financial protection laws. The bill also makes Illinois a national leader in consumer financial protection by empowering IDFPR to target unfair, deceptive, and abusive acts and practices by unlicensed financial services providers. Additionally, the Consumer Financial Protection Bill brings the Illinois Financial Institutions Code (**20 ILCS 1205**) and other statutes in line with more recently-enacted consumer protection measures, such as the Student Loan Servicing Rights Act (**110 ILCS 992**).

“These two bills provide clear, common-sense consumer protection requirements, many of which have been standard across the traditional financial sector for decades,” said **Senator Laura Ellman (D-Naperville)**. “By bringing these requirements into the digital age, Illinois is establishing itself as a national leader in consumer financial protection as well as setting the foundation for sound and sustainable innovation and growth for years to come.”

“These combined bills provide much-needed protections to keep Illinois consumers safe and their investments secure,” said **Representative Mark Walker (D-Arlington Heights)**. “These measures not only work to hold bad actors accountable, but allow good actors to enter the marketplace and prove to customers they are operating within the bounds of the law.”

The full text of the **Fintech-Digital Asset Bill** may be found [here](#).

The full text of the **Consumer Financial Protection Bill** may be found [here](#).