

April 19, 2000

Members of the Conference Committee on Electronic Signature Legislation
United State Congress

Dear Conferees:

The Administration believes that promotion of electronic transactions is crucial to our nation's future prosperity, and fully supports the removal of legal barriers to electronic commerce. Electronic commerce offers substantial benefits for consumers and businesses in terms of efficiency, convenience, and lower costs. Many laws and regulations governing the conduct of transactions were imposed long before the advent of the Internet, and should be updated to accommodate new ways of doing business.

An appropriate objective of legislation in this area should be to adapt our laws and regulations to the needs of the electronic marketplace. We will not be able to achieve the great potential of electronic commerce if consumers do not feel confident online. Legislation should maintain the substance of existing consumer protections in the electronic world and should not relax or tighten the underlying regulatory regime.

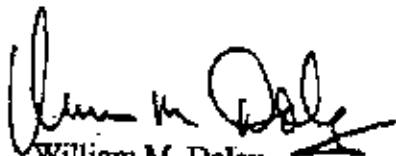
Requirements for ink-on-paper signatures and paper documentation are found in many laws and regulations, and may pose barriers to the conduct of electronic commerce. H.R. 1714, the "Electronic Signatures in Global and National Commerce Act," and S. 761, the "Millennium Digital Commerce Act," are intended to reduce potential barriers caused by these requirements. Both bills provide that contracts shall not be denied legal effect or enforceability solely because electronic signatures or records were used in their formation. We fully support these provisions. The House bill is significantly broader, however, and also addresses the legal validity of electronic records. The bill defines records very broadly, including records designed to serve as substitutes for statutorily mandated paper-based notices and disclosures. These notices and disclosures arise in many contexts. For example, disclosures may be required in consumer transactions, such as automobile leases and real estate closings, as well as in non-consumer contexts, such as workplace safety and environmental requirements.

We also support the inclusion of appropriate records provisions in the final bill. However, H.R. 1714 in its current form, in our view, could undermine inadvertently some consumer protections and ultimately American confidence in e-commerce. We do not seek new rules that would disadvantage online commerce in comparison with paper transactions, but we must ensure that protections established over several decades are not inadvertently rendered ineffective by our efforts to embrace the digital age.

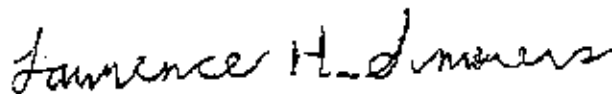
The Administration endorses the views set forth in the letter, dated March 28, 2000, from all 45 Democratic Senators to the Conferees. We believe that the legislation produced by the conference must incorporate the principles articulated in that letter in order to gain the Administration's support. The principles suggest a common-sense approach that is designed to integrate, not resist, the use of technology in important and long-established consumer protection regimes.

We are optimistic that bipartisan consensus can be reached on legislation that meets those principles. We urge you to join together to complete legislation quickly, without the addition of extraneous measures, so that the bill will receive strong, bipartisan support in both chambers and be enacted this year. We look forward to working with you and staffs to accomplish our mutual goals.

Sincerely yours,



William M. Daley
Secretary of Commerce



Lawrence H. Summers
Secretary of the Treasury