

Press Releases

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OTS 07-017 - Federal Regulators Seek Public Comment on Model Privacy Notice

Office of Thrift Supervision

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Joint Release

**Board of Governors of the Federal Reserve System
Commodity Futures Trading Commission
Federal Deposit Insurance Corporation
Federal Trade Commission
National Credit Union Administration
Office of the Comptroller of the Currency
Office of Thrift Supervision
Securities and Exchange Commission**

Federal Regulators Seek Public Comment on Model Privacy Notice

Eight federal regulators today released a notice of proposed rulemaking (NPR) requesting comment on a model privacy form that financial institutions can use for their privacy notices to consumers required by the Gramm-Leach-Bliley Act (GLB Act). The privacy notices must describe an institution's information sharing practices, and, for certain types of sharing, consumers have the right to opt out. The notices must be provided when a consumer first becomes a customer of a financial institution and then annually for as long as the customer relationship lasts.

Last October, President Bush signed into law the Financial Services Regulatory Relief Act of 2006, amending the GLB Act to require the agencies to propose a model form that is succinct and comprehensible to consumers, allows consumers easily to compare privacy practices of financial institutions, and uses easily readable type font.

The proposed model privacy form is the "prototype privacy notice" developed by six of these federal agencies after a year-long consumer testing process. A detailed report describing the testing and resulting prototype privacy notice was released by these agencies in March 2006. The NPR proposes that a financial institution that chooses to use the model form would satisfy the disclosure requirements for the notices and so could take advantage of a legal "safe harbor." The NPR also proposes to remove, after a transition period, the sample clauses now included in some of the agencies' privacy rules.

The NPR was developed jointly by the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Federal Trade Commission, the National Credit Union Administration, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the Securities and Exchange Commission.

A copy of the NPR is attached. The NPR seeks comment on all aspects of the model form, including its content and format and whether it provides sufficient flexibility for financial institutions to disclose their sharing practices accurately.

Written comments on the proposed rule amendments may be submitted within 60 days after their publication in the Federal Register, which is expected in late March.

Proposed Rule - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2007-17a.pdf>

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The Office of Thrift Supervision, an office of the Department of the Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of, and compliance with consumer protection laws by, thrift institutions, and to support their role as home mortgage lenders and providers of other community credit and financial services. OTS also oversees the activities and operations of thrift holding companies that own or control thrift institutions. Copies of OTS news releases and other documents are available at the OTS web page at www.ots.treas.gov.