

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET, SAN FRANCISCO, CALIFORNIA 94105

August 22, 2003

**BANKING SUPERVISION AND REGULATION:
IDENTITY THEFT GUIDANCE**

To State Member Banks, Bank
Holding Companies, U.S. Branches
and Agencies of Foreign Banks,
and Others Concerned,
in the Twelfth Federal Reserve District

Agencies Jointly Issue Request for Comment on Interagency Guidance on Response Programs to Protect Against Identity Theft (OP-1155)

The federal bank and thrift regulatory agencies is requesting public comment on proposed guidance that would require financial institutions to develop programs to respond to incidents of unauthorized access to customer information, including procedures for notifying customers under certain circumstances. You can view and print OP-1155 at the <http://www.federalreserve.gov/boarddocs/press/bcreg/2003/20030812/attachment.pdf> page.

The proposed guidance interprets the interagency customer information security guidelines, issued in February 2001, that require financial institutions to implement information security programs designed to protect their customers' information. The proposed interpretation describes the components of a response program and sets a standard for notifying customers affected by unauthorized access to or use of customer information that could result in substantial harm or inconvenience to those customers, thereby reducing the risk of losses due to fraud or identity theft.

The proposed guidance states that "an institution should notify affected customers when it becomes aware of unauthorized access to sensitive customer information unless the institution, after an appropriate investigation, reasonably concludes that misuse is unlikely to occur and takes appropriate steps to safeguard the interests of affected customers, including monitoring affected customers' accounts for unusual or suspicious activity."

The Agencies are requesting public comment on all aspects of this proposal, including whether the agencies have identified the appropriate standard for financial institutions to provide notice to their customers.

Comment on the proposed guidance is requested by October 14, 2003.

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Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>. Paper copies of the Board's notice (OP-1155) are available from our Corporate Services Department. To request copies to be sent by mail, please call (415) 974-2060.

For additional information about the proposed guidance, please contact our Banking Supervision and Regulation Department at (415) 974-2927.

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