

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

January 15, 2003

**BANKING SUPERVISION AND REGULATION:
PRIVACY NOTICES**

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

Federal Regulators Seek Public Comment on Ways to Improve Privacy Notices (Docket R-1173)

An advance notice of proposed rulemaking (ANPR) has been announced with a request for public comment on ways to improve the privacy notices financial institutions provide to consumers under the Gramm-Leach-Bliley Act (GLB Act).

The ANPR describes various approaches that the agencies could pursue to allow or require financial institutions to provide alternative types of privacy notices that would be more readable and useful to consumers. It also seeks comment on whether differences between federal and state laws pose any special issues for developing a short privacy notice.

Section 503 of the GLB Act requires financial institutions to provide a notice to each customer that describes the institution's policies and practices regarding the disclosure to third parties of nonpublic personal information. In 2000, the agencies published consistent final regulations that implement these provisions, including sample clauses that institutions may use in privacy notices. However, the regulations do not prescribe any specific format or standardized wording for privacy notices.

The agencies do not propose the adoption of any specific action at this time to improve privacy notices. Instead, the agencies request input on what approaches would be most useful to consumers while taking into consideration the burden on financial institutions.

The ANPR was developed jointly by the 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, and Securities and Exchange Commission.

The agencies will evaluate the public comments on the ANPR with a view toward developing proposals for appropriate interpretations or amendments to their respective regulations. In the event that the agencies decide to proceed, the agencies expect to do so through proposed rulemaking. The agencies also expect that consumer testing will be a key component in the development of any specific proposal.

A copy of the ANPR is attached. Written comments may be submitted By March 30, 2004.

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

(Docket R-1173) 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 advance notice of proposed rulemaking, please contact our Banking Supervision and Regulation Department at (415) 974-2920.

FEDERAL RESERVE BANK OF SAN FRANCISCO

Attachment

[Docket R-1173](#)