

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

March 30, 2007

**BANKING SUPERVISION AND REGULATION:
REQUEST FOR COMMENT**

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

Request for Public Comment on Model Privacy Notice

Eight federal regulators 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 indicate that 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 achieves the following:

- is succinct and easy for consumers to understand
- allows consumers to readily compare privacy practices of financial institutions
- 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 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.

The docket is attached. Comments are requested by May 29, 2007.

Additional Information

All circulars and documents are available on the internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact our Banking Supervision and Regulation Department at (415) 974-3028.

FEDERAL RESERVE BANK OF SAN FRANCISCO

Attachment: Docket No. R-1280