

# LENDERS UPDATE™

## ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

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## **FTC WANTS COMMENTS ON ITS STANDARDS FOR SAFEGUARDING CUSTOMER INFORMATION**

On August 29, 2016, The Federal Trade Commission published a request for comments on its Safeguard's Rule. The Rule was developed as a result of the passage of the Gramm-Leach-Bliley Act. The ACT required the development and implementation of a Privacy Rule regarding the disclosure of nonpublic personal information and then a Safeguards Rule relating to administrative, technical and physical safeguards for customer information. The background of the Request and the issues open for comment themselves may be found in the FTC notice published in the Federal Register at: [https://www.ftc.gov/system/files/documents/federal\\_register\\_notices/2016/08/frn\\_safeguards\\_reg\\_review\\_8-29-16.pdf](https://www.ftc.gov/system/files/documents/federal_register_notices/2016/08/frn_safeguards_reg_review_8-29-16.pdf).

The questions as set forth comprise over four pages in the Notice: too lengthy to set out here in full. However, they comprise general and specific issues. The general issues include:

- ✚ The continued need for the Rule.
- ✚ What benefits flow to consumers from the Rule and whether any modifications might increase those benefits?
- ✚ What costs are incurred by consumers flowing from the Rule?
- ✚ The level of industry compliance with the rule.

As to specific issues, the Commission would like comment on several, including:

- ✚ Should financial institutions have a response plan for breach events?
- ✚ Should there be more specific requirements for information security plans?
- ✚ Should the definition of Financial Institution be enlarged to include those institutions which engage in activities which are incidental to financial activities and not currently covered?

The Notice whose site is referenced above contains information as to how Comments may be submitted.

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