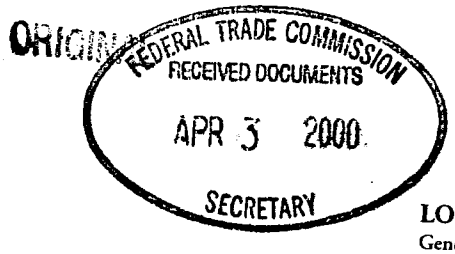

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March 31, 2000

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RE: Proposed regulations re privacy of consumer information

Dear Sir or Madam:

I am writing on behalf of the Pennsylvania Bankers Association in response to your agencies' request for comments on the proposed privacy regulations. PBA is the statewide financial services trade association in PA representing commercial and savings banks, trust companies and savings associations and their subsidiaries and affiliates. PBA is pleased to offer the following viewpoints and suggestions regarding the banking agencies' uniform rule.

PBA notes with appreciation the fact that the financial institution regulatory agencies have proposed a uniform rule. There are several points that PBA would like to highlight for the agencies' review:

1. **Definition of "consumer" and "customer"**

The examples presented in the proposal are very helpful in making this distinction. However, the personal trust and investment business presents unique concerns regarding the definitions of "customer" and "customer relationship." The examples stated do not clearly indicate what, if any, trusts and/or trust beneficiaries would be covered, and lack of clarity could prove difficult. These issues may not be easy to sort out, but we urge the agencies not to require notification to those in a trust or investment relationship with the institution with whom it has little or no regular contact even though they may be current or remainder beneficiaries, or in cases where a fiduciary relationship is awaiting activation such as in the case of unfounded insurance trusts or cases where an institution is named as executor, but the individual who

named the institution has not died. Charities that establish accounts present other issues that we believe merit clarification.

2. The regulations' definitions of "non-public personal information" and "financial information" should not be overly broad.

To that end, information such as names and addresses that is available from a public source, including the Internet, should be excluded from the definition of "nonpublic personal information." This exclusion should apply even if the financial institution does not actually obtain the information from a public source.

The mere fact that an individual has an account with a financial institution should not be considered "financial information."

Aggregate data which contains no identifying customer information should not be covered under this regulation. Financial institutions need to provide aggregate data for market studies for various purposes. Consumers are not harmed, indeed they are often benefited by the collection of such data and its collection should be absolutely excluded from the coverage of this rule.

3. The regulations should reflect the fact that the statute requires disclosure of policies to customers at the time the customer relationship is established (not prior to). These regulations should allow for flexibility of operation.

Prior disclosure requirements would go beyond the authorizing statute. Institutions need to be given reasonable time to disclose their privacy policies after the relationship is established.

Only the primary holder of a joint account relationship with a financial institution needs to receive the disclosure. One notice per household will suffice when multiple account holders reside at the same address.

Website posting of an institution's privacy policy should be permitted as long as the customer is an Internet user and has been informed where the policy has been posted.

Annual notice requirements should permit institutions that do not regularly communicate with their customers (such as safe deposit box renters) to comply with the disclosure policy by informing customers that the policy may be obtained either at the institution or on its website.

4. A privacy policy disclosure should not be complicated. Complexity and length of notification would defeat the statute's purpose.

A requirement to list the source of categories of nonpublic personal information collected by an institution goes beyond the statute and is not necessary. Examples of categories of information collected or disclosed would be more helpful to the customer.

The proposal to require specific explanation of who has access to nonpublic personal information and the circumstances under which it may be accessed is overbroad. A reference to the fact that institutions have internal policies on this subject should suffice. An institution should not have to disclose its practice of legally accessing information for fraud detection and prevention purposes, either.

5. Community banks' outsourcing activities

We urge the agencies to amend section 40.9 to make it clear that it does not cover outsourcing activities but is limited to joint financial institution marketing arrangements.

6. **Institutions should not be required to monitor third-party reuse of information.**

Although financial institutions will contractually control the reuse of information, they should not be required to monitor compliance. Such a requirement would not even be feasible for smaller institutions which would lack the auditing capacity.

7. **A transition period from the date the regulations are adopted to the date they are required to be implemented is necessary.**

Six months, as proposed, is insufficient time for institutions to address all of the proposal's implications for third-party relationships and systems changes. We urge the agencies to give the industry until May 12, 2001 to implement the rule.

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PBA appreciates the opportunity to submit these comments on behalf of its membership and stands ready to provide any additional information your agencies would find to be helpful.

Sincerely,

Louise A. Rynd

Louise A. Rynd

cc:

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