



National Association
of Federal Credit Unions
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NAFCU | Your Direct Connection to Advocacy, Education & Compliance

August 9, 2016

Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street NW
Washington, D.C. 20552

RE: Amendment to Regulation P's Annual Privacy Notices Requirement

Dear Ms. Jackson:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally-insured credit unions, I am writing in regards to the amendment to the annual privacy notice requirement under the *Gramm-Leach Bliley Act* (GLBA). NAFCU and our members welcome the Consumer Financial Protection Bureau's (CFPB) amendment to implement the GLBA's newly added Section 503(f) exception to the annual notice requirement. This proposed amendment has, however, raised some concerns in relation to the removal of the alternative delivery method and the 60-day notification requirement.

General Comments

The GLBA and its implementing regulation, Regulation P, require credit unions to provide members with annual privacy notices throughout the course of the member relationship. In October 2014, the CFPB's final rule amended Regulation P to permit credit unions to post their annual privacy notices on their website if they met certain conditions. Regardless of the delivery method, credit unions were still, however, required to provide members with an annual privacy notice. Late last year, President Obama signed the *Fixing America's Surface Transportation Act* (FAST Act) into law, which included the "*Eliminate Privacy Notice Confusion Act*" in Section 750001.

This Section amended the GLBA to require that consumers receive privacy notices after opening a new account and after their providers' privacy policies change. NAFCU supported this regulatory relief because it allowed credit unions to avoid unnecessary expenses and resources in the dissemination of redundant annual notices. Such a change was likely to reduce consumer

confusion and provide a more efficient means of informing consumers about the privacy of their personal information.

NAFCU continues to support efficient and cost-effective means of putting consumers first and keeping them informed of how their personal financial information is being shared with third-parties. NAFCU and its members applaud the CFPB's efforts to implement the changes to the GLBA, but recognize that some concerns have surfaced.

Alternative Delivery Method

NAFCU is apprehensive about the elimination of Section 1016.9, which establishes the alternative delivery method for providing annual notices to those financial institutions that qualify based on a list of criteria. Several of our members have indicated that they use the alternative delivery method and their members prefer to have electronic access to the annual privacy notice. Removing a credit union's ability to deliver their annual privacy notice and any revised privacy notices through their website, and instead requiring the notices be mailed to members, may impose a significant cost burden.

Therefore, NAFCU urges the CFPB to further evaluate the potential additional delivery costs that this amendment may have on credit unions. Credit unions do not have unlimited mailing budgets, so every extra dollar spent on mailing annual privacy notices is a dollar that cannot pass through to members. Additionally, electronic mail and other means of digital communication have become the preferred method for many Americans, so member discontent may rise as well. Many credit unions would like to continue to inform their members of changes to their privacy notices in the manner in which they have become accustomed: through their website. The electronic delivery method provided for in Section 1016.9(a) does not alleviate this concern because consumers generally do not even read privacy notices; much less take the time to consent to receive them in a different format.

60-Day Notification Period

Another concern is the 60-day notification period proposed in Section 1016.5(e)(2)(ii). NAFCU and our members believe that this time frame is too short and should be extended to at least 90 days. One of our members in the Midwest region has voiced a concern that this 60-day requirement would be too burdensome because it would almost guarantee that an additional mailing would have to be sent within that particular quarter. With 90 days to comply and deliver a revised annual notice to its members, a credit union could deliver the revised notice with its next quarterly newsletter as a way to minimize mailing expenses. If the alternative delivery method is eliminated, the CFPB should consider extending the compliance date to at least 90 days to relieve some of the burden this amendment may impose on credit unions.

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Conclusion

NAFCU appreciates the opportunity to provide our comments on the amendment to the annual privacy requirements in Regulation P. If you have any questions or concerns, please do not hesitate to contact me at akossachev@nafcuhq.org or (703) 842-2212.

Sincerely,

A handwritten signature in black ink, appearing to read "Ann Kossachev". The signature is fluid and cursive, with the first name "Ann" and last name "Kossachev" clearly distinguishable.

Ann Kossachev
Regulatory Affairs Counsel