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MEMORANDUM

November 19, 2021

To Our Clients and Friends

Re: Agencies Issue Final Rule Requiring Computer-Security Incident Notification

The FDIC, the Federal Reserve Board, and the Comptroller of the Currency have issued a joint final rule to require banking organizations to report to their primary regulator computer-security incidents that have materially disrupted or degraded or are reasonably likely to materially disrupt or degrade the banking organization's ability to carry out banking operations, deliver banking products and services, have a materially adverse effect on business line revenue or affect operations, the failure of which could pose a threat to the stability of the financial sector. Banking organizations must notify their primary regulator as soon as possible and no later than thirty-six hours after determining the occurrence of a significant security incident. Banking organizations must comply with the rule by May 1, 2022.

The final rule also requires a bank service provider to notify each affected banking organization as soon as possible when the bank service provider determines that it has experienced a security incident that has materially disrupted or degraded, or is reasonably likely to materially disrupt or degrade, services for four or more hours.

A copy of the agencies' rule is available on our website at <http://schwartzandballen.com/news.html>.

For more information, please call Gilbert Schwartz, Robert Ballen, Heidi Wicker, or Eric Knight at (202) 776-0700.