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**M E M O R A N D U M**

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To Our Clients and Friends

Re: Agencies' Report on Financial Privacy Notices

The Federal financial institution regulators have released a report of consumer research findings on how the privacy notices required under the Gramm-Leach-Bliley Act may be improved. The report represents the first phase of an interagency project which includes the Federal Reserve Board, Federal Deposit Insurance Corporation, Federal Trade Commission, National Credit Union Administration, Office of the Comptroller of the Currency and Securities and Exchange Commission. The study stemmed from survey data that indicated that many consumers neither read nor understood the privacy notices financial institutions provided to consumers under the GLB Act.

The report presents a simplified privacy notice prototype in a tabular format. The notice has four main components:

- **Title.** States that the notice is from the consumer's financial institution and the institution collects and uses personal information.
- **Frames.** The "key" frame provides details about personal information, information-sharing practices and applicable law. Another frame includes frequently asked questions and detailed definitions of terms used in the notice.
- **Disclosure table.** Presents seven basic reasons a financial institution can share personal information and indicates whether the financial institution shares pursuant to each reason. Identifies whether the consumer can opt-out of each type of sharing.
- **Opt-out form.** Identifies how consumers can limit a particular type of sharing.

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The prototype is based on the results of focus groups and interviews with consumers across the United States. The second phase of the project will include interviewing a larger group of consumers to measure the effectiveness of the prototype notice and other sample notices. After the second phase of the project, the agencies will determine what policy actions may be necessary in light of the research results.

A copy of the report can be found on our web site at [http://www.schwartzandballen.com/whats\\_new.html](http://www.schwartzandballen.com/whats_new.html).

If you have any questions, please call Gilbert Schwartz, Robert Ballen or Tom Fox at (202) 776-0700.