



## Legislation Text

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**File #:** Res 1998-2001, **Version:** \*

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Res. No. 1998

Resolution opposing the decision by Federal regulators to extend the deadline for financial institutions to comply with the privacy provisions required under the Gramm-Leach-Bliley Act of 1999, and urging them to require financial institutions to inform consumers of their privacy rights in clear, conspicuous, and understandable language.

By the Speaker (Council Member Vallone), and Council Members Berman, Fisher, Freed, Malave-Dilan, Eisland, Espada, Henry, Linares, Pinkett and Watkins; also Council Members Foster, Harrison, O'Donovan and Michels

Whereas, In 1999, the Federal government enacted the Gramm-Leach-Bliley Act (the "Act") a financial modernization act allowing financial firms to organize as full service institutions that offer banking, insurance and securities products and services; and

Whereas, The Act included provisions aimed at protecting consumers' personal information, which may be threatened by the merging of separate financial businesses into single, consolidated, full service firms; and

Whereas, One of these provisions requires financial institutions to send notices to customers allowing them to opt out of sharing, with non-affiliated third parties, non-public personally identifiable information; and

Whereas, The Act became effective on November 13, 2000, but Federal regulators, including that National Credit Union Administration, the Securities and Exchange Commission, and the Federal Trade Commission, granted an eight month extension for mandatory compliance with the "opt-out" notification requirements, to allow the industry time to promulgate and implement the necessary administrative policies and procedures; and

Whereas, Despite the cooperation of Federal regulators with the financial industry, financial institutions have sent notices that are unclear and complex, making it difficult or impossible for consumers to understand; such notices should be written in a clear, conspicuous and understandable language; and

Whereas, According to a financial publication, these problems have resulted in an extremely low response rate, with some estimates as low as 0.5%, effectively threatening the privacy of consumers and violating the intent of the Act; and

Whereas, The Council of the City of New York urges regulators to require financial institutions to launch an educational campaign informing consumers of their right to opt out of sharing non-public personal information with third parties; now, therefore be it

Resolved, The Council of the City of New York opposes the decision by Federal regulators to extend the deadline for financial institutions to comply with the privacy provisions required under the Gramm-Leach-Bliley Act of 1999, and urges them to require financial institutions to inform consumers of their privacy rights in a clear, conspicuous and understandable manner.

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