



State of Michigan
John Engler, Governor

Department of Consumer & Industry Services
Kathleen M. Wilbur, Director

Office of Financial and Insurance Services
Frank M. Fitzgerald, Commissioner

Division of Financial Institutions
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September 29, 2000

To the Licensee or Registrant Addressed:

Re: Privacy of Consumer Financial Information

The Gramm-Leach-Bliley Financial Modernization Act of 1999 (“Act”) was signed into law on November 12, 1999. This new law, among other things, affords consumers new federal privacy protections (Title V) which apply to a wide range of entities that come within the Act’s definition of a “financial institution.” Your activity licensed or registered with the Office of Financial and Insurance Services (OFIS) brings you and/or your organization within the Act’s definition of a “financial institution.”

On May 12, 2000 the Federal Trade Commission (FTC) issued its final rule implementing the provision of the Act governing the privacy of consumer financial information. As a “financial institution” as defined by the Act, you and/or your organization must comply with the new rule on privacy promulgated by the FTC. Compliance with all applicable FTC regulations is required to maintain compliance with the Michigan law under which your license or registration is issued.

The FTC’s privacy rule imposes three main requirements established by the Act:

- The financial institution must provide initial accurate, clear, and conspicuous notice to its customers about its privacy policies and practices, describing conditions under which it may disclose nonpublic personal information to nonaffiliated third parties and affiliates;
- The financial institution must provide its customers with annual accurate, clear, and conspicuous notice of its privacy policies and practices; and
- The financial institution must provide a reasonable opportunity and means for consumers to “opt out” of disclosures of their nonpublic personal information to nonaffiliated third parties.

The FTC rule becomes effective November 13, 2000. However, in order to provide sufficient time for financial institutions to establish policies and procedures and to put in place systems to implement the requirements of the rule, the FTC extended the time for full compliance with the rule until July 1, 2001. Accordingly, OFIS expects you to achieve full compliance with the FTC’s rule governing the privacy of consumer financial information not later than July 1, 2001.

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Copies of the final privacy rule (and other applicable FTC rules) are available from the FTC's web site at <http://www.ftc.gov>. You can also access the FTC web site via links from the OFIS web site (see URL above). Hard copies of FTC rules and regulations are available from the FTC's Consumer Response Center, Room 130, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You may also call 202-FTC-HELP (202-383-4357).

If you have questions about this or other FTC regulations, contact the FTC's Division of Financial Practices at 202-326-3224.

Very truly yours,

/ss/

Frank M. Fitzgerald
Commissioner