

106TH CONGRESS
1ST SESSION

S. 1195

To give customers notice and choice about how their financial institutions share or sell their personally identifiable sensitive financial information, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 9, 1999

Mr. SCHUMER introduced the following bill; which was read twice and referred to the Committee on Banking, Housing and Urban Affairs

A BILL

To give customers notice and choice about how their financial institutions share or sell their personally identifiable sensitive financial information, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Financial Information
5 Protection Act of 1999”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act—

1 (1) the term “covered person” means a person
 2 that is subject to the jurisdiction of any of the Fed-
 3 eral financial regulatory authorities; and

4 (2) the term “Federal financial regulatory au-
 5 thorities” means—

6 (A) each of the Federal banking agencies,
 7 as that term is defined in section 3(z) of the
 8 Federal Deposit Insurance Act; and

9 (B) the Securities and Exchange Commis-
 10 sion.

11 **SEC. 3. PRIVACY OF CONFIDENTIAL CUSTOMER INFORMA-**
 12 **TION.**

13 (a) RULEMAKING.—The Federal financial regulatory
 14 authorities shall jointly issue final rules to protect the pri-
 15 vacy of confidential customer information relating to the
 16 customers of covered persons, not later than 270 days
 17 after the date of enactment of this Act (and shall issue
 18 a notice of proposed rulemaking not later than 150 days
 19 after the date of enactment of this Act), which rules
 20 shall—

21 (1) define the term “confidential customer in-
 22 formation” to be personally identifiable data that in-
 23 cludes transactions, balances, maturity dates, pay-
 24 outs, and payout dates, of—

25 (A) deposit and trust accounts;

1 (B) certificates of deposit;

2 (C) securities holdings; and

3 (D) insurance policies;

4 (2) require that a covered person may not dis-
5 close or share any confidential customer information
6 to or with any person that is not an affiliate or
7 agent of that covered person unless the covered per-
8 son has first—

9 (A) given written notice to the customer to
10 whom the information relates, as described in
11 paragraphs (3) and (4); and

12 (B) obtained the informed written or elec-
13 tronic consent of that customer for such discolo-
14 sures or sharing;

15 (3) require that the covered person provide no-
16 tices and consent acknowledgements to customers,
17 as required by this section, in separate and easily
18 identifiable and distinguishable form;

19 (4) require that the covered person provide no-
20 tice as required by this section to the customer to
21 whom the information relates that describes what
22 specific types of information would be disclosed or
23 shared, and under what general circumstances, to
24 what specific types of businesses or persons, and for

1 what specific types of purposes such information
2 could be disclosed or shared;

3 (5) require that the customer to whom the in-
4 formation relates be provided with access to the con-
5 fidential customer information that could be dis-
6 closed or shared so that the information may be re-
7 viewed for accuracy and corrected or supplemented;

8 (6) require that, before a covered person may
9 use any confidential customer information provided
10 by a third party that engages, directly or indirectly,
11 in activities that are financial in nature, as deter-
12 mined by the Federal financial regulatory authori-
13 ties, the covered person shall take reasonable steps
14 to assure that procedures that are substantially
15 similar to those described in paragraphs (2) through
16 (5) have been followed by the provider of the infor-
17 mation (or an affiliate or agent of that provider).

18 (b) LIMITATION.—The rules prescribed pursuant to
19 subsection (a) may not prohibit the release of confidential
20 customer information—

21 (1) that is essential to processing a specific fi-
22 nancial transaction that the customer to whom the
23 information relates has authorized;

24 (2) to a governmental, regulatory, or self-regu-
25 latory authority having jurisdiction over the covered

1 financial entity for examination, compliance, or other
2 authorized purposes;

3 (3) to a court of competent jurisdiction;

4 (4) to a consumer reporting agency, as defined
5 in section 603 of the Fair Credit Reporting Act for
6 inclusion in a consumer report that may be released
7 to a third party only for a purpose permissible under
8 section 604 of that Act; or

9 (5) that is not personally identifiable.

10 (c) CONSTRUCTION.—Nothing in this section or the
11 rules prescribed under this section shall be construed to
12 amend or alter any provisions of the Fair Credit Reporting
13 Act.

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