another means which the industry may need to deal with price volatility.

For the reasons set forth in the preamble, it is proposed that Title 7 of Chapter X of the CFR be amended by adding a new Part 1140 as follows:

PART 1140—DAIRY FORWARD PRICING PILOT PROGRAM

Subpart A—Definitions

Sec.

1140.1 General definitions.

Subpart B—Rules Governing Forward Contracts

1140.2 Rules governing forward contracts.

Authority: 7 U.S.C. 601, *et seq.*

Subpart A—Definitions

§ 1140.1 General definitions.

(a) *Pilot program* means the dairy forward pricing pilot program provided by an amendment to the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 601, *et seq.*) signed into law on November 29, 1999 (Section 3 of H.R. 3428 of the 106th Congress, as enacted by section 1001(a)(8) of Public Law 106–113 (113 Stat. 1536)).

(b) *Eligible milk* means the quantity of milk equal to a handler's Class II, III, and IV utilization during the month, combining all pool plants of a single handler that are regulated under a single Federal order.

(c) *Forward contract* means an agreement covering the terms and conditions for the sale of milk from a producer defined in section 12 of Parts 1001 through 1135 to a handler defined in § 1000.9.

(d) *Contract milk* means the producer milk covered by a forward contract.

(e) *Disclosure statement* means the following statement which must be signed and returned to the market administrator by each producer entering into a forward contract with a handler before the market administrator will recognize the terms and conditions provided in such contract.

Disclosure Statement

I am voluntarily entering into a forward contract with _____ (handler's name). I have been given a copy of the contract and I have received the USDA's Pilot Program Fact Sheet to which this disclosure statement was attached. By signing this form, I understand that I am forfeiting my right to receive the order's minimum uniform or component prices for that portion of my milk that is under forward contract for the duration of the contract. I also understand that my milk will be priced in accordance with the terms and conditions of the contract.

Printed Name:

Signature: _____

Date: _____

Address: _____

Producer No: _____

(f) *Other definitions.* Any term used in this part that is defined in Parts 1000–1135 is incorporated in this part.

Subpart B—Rules Governing Forward Contracts

§ 1140.2 Rules governing forward contracts.

(a) A handler that operates one or more pool plants may enter into forward contracts with producers or cooperative associations for the handler's *eligible milk* received at such plants and be exempt from the minimum payment provisions that would apply to such milk in section 73 of Parts 1001 through 1135 for the period of time covered by the contract, except that a contract with a producer or cooperative association participating for the first time in this pilot program may not exceed 6 months. In no event shall a forward contract executed pursuant to this part extend beyond December 31, 2004.

(b) Forward contracts must be signed and dated by the contracting handler and producer (or cooperative association) prior to the first day of the first month for which they are to be effective and must be in the possession of the market administrator by the 15th day of that month. The *disclosure statement* provided in § 1140.2(e) must be signed on the same date as the contract by each producer or cooperative association entering into a forward contract under the pilot program and this signed disclosure statement must be attached to each contract submitted to the market administrator.

(c) Each forward contract submitted for approval must contain a clause that allows the dairy farmer signing the contract to revoke the contract by notifying the handler in writing within 3 business days. This written notification, which may be faxed, mailed, or E-mailed, must be in the possession of the handler by midnight of the 3rd business day following the signing of the contract. The producer is responsible for verifying the time and date of receipt of this notification.

(d) In the event that a handler's contract milk exceeds the handler's *eligible milk* for any month in which the specified contract price(s) are below the order's minimum prices, the handler must designate which producer milk shall not be contract milk. If the handler does not designate the owners of the over-contracted milk, the market administrator shall prorate the over-contracted milk to each producer and cooperative association having a forward contract with the handler.

(e) Payments for milk covered by a forward contract must be made on the same dates as payments for milk that is not under forward contract under the respective Federal order.

(f) The basis for pricing milk under forward contract must be the same basis—but not at the same rate or level—as is used to price milk that is not under forward contract under the respective order. Under orders providing for skim milk and butterfat pricing, forward contracts must price milk on the basis of skim milk and butterfat, and under orders with component pricing of milk, forward contracts must price milk according to the components priced under the respective order.

(g) Handlers participating in the pilot program will continue to be required to file all reports that are currently required under the respective marketing orders and will continue to be required to account to the pool for all milk they receive at their respective order's minimum class prices.

(h) Nothing in this part shall impede the contractual arrangements that exist between a cooperative association and its members.

Dated: February 25, 2000.

Richard M. McKee,

Deputy Administrator, Dairy Programs.

[FR Doc. 00–4920 Filed 2–29–00; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF ENERGY

Office of Energy Efficiency and Renewable Energy

10 CFR Part 431

[Docket No. EE–RM–STD–00–100]

RIN No. 1904–AB06

Energy Efficiency Program for Commercial and Industrial Equipment: Efficiency Standards for Commercial Heating, Air Conditioning and Water Heating Equipment

AGENCY: Office of Energy Efficiency and Renewable Energy, Department of Energy.

ACTION: Notice of preliminary screening analysis.

SUMMARY: The Energy Policy and Conservation Act, as amended by the Energy Policy Act of 1992 (EPCA), establishes energy efficiency standards for certain commercial heating, air conditioning and water heating

equipment. On October 29, 1999, the efficiency standards in American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc. (ASHRAE) and Illuminating Engineering Society of North America (IES) ASHRAE/IES Standard 90.1 were amended for some of these products. This notice outlines the process the Department plans to follow in deciding which of these amended efficiency standards to adopt immediately and which to analyze further.

ADDRESSES: You can view copies of the ASHRAE/IES Standard 90.1–1999 in the Freedom of Information Reading Room (Room No. 1E–190) at the U.S. Department of Energy, Forrestal Building, 1000 Independence Avenue, SW, Washington, DC 20585–0121, between the hours of 9:00 a.m. and 4:00 p.m., Monday through Friday, except Federal holidays. You can also obtain copies from the American Society of Heating, Refrigerating, and Air-Conditioning Engineers, Inc., 1971 Tullie Circle, NE, Atlanta, GA 30329, and you can obtain electronic versions at ASHRAE's web site, http://www.ashrae.org/book/bookshop.htm. The Preliminary Screening Analysis described in this notice is expected to be available for viewing in the Department of Energy's Freedom of Information Reading Room by the end of March 2000, and copies may be requested from the contacts listed below. The report will also be accessible via the Internet at http://www.eren.doe.gov/buildings/codes__standards/index.htm, which contains additional information on Department of Energy codes and standards programs as well.

FOR FURTHER INFORMATION CONTACT: Cyrus H. Nasseri, U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, Mail Station, EE–41, 1000 Independence Avenue, SW, Washington, D.C. 20585, (202) 586–9138, FAX (202) 586–4617, e-mail: Cyrus.Nasseri@ee.doe.gov, or Edward Levy, Esq., U.S. Department of Energy, Office of General Counsel, Mail Station, GC–72, 1000 Independence Avenue, SW, Washington, D.C. 20585, (202) 586–9507, e-mail: Edward.Levy@hq.doe.gov.

SUPPLEMENTARY INFORMATION: This notice refers to certain industry standards established by the ASHRAE and IES. These industry standards are referenced by the single comprehensive ''ASHRAE/IES Standard 90.1–1999.''

I. Introduction

A. Authority

Part B of Title III of the Energy Policy and Conservation Act (EPCA) of 1975, Pub. L. 94–163, as amended, by the National Energy Conservation Policy Act of 1978 (NECPA), Pub. L. 95–619, the National Appliance Energy Conservation Act of 1987 (NAECA), Pub. L. 100–12, the National Appliance Energy Conservation Amendments of 1988 (NAECA 1988), Pub. L. 100–357, and the Energy Policy Act of 1992 (EPACT), Pub. L. 102–486, established the Energy Conservation Program for Consumer Products other than Automobiles. Part 3 of Title IV of NECPA amended EPCA to add ''Energy Efficiency of Industrial Equipment,'' which included air conditioners, furnaces, and other types of equipment.

EPACT also amended EPCA with respect to industrial equipment, providing definitions, test procedures, labeling provisions, energy conservation standards, and authority to require information and reports from manufacturers. See 42 U.S.C. 6311–6316. For example, EPCA now specifies explicit minimum energy efficiency levels for certain commercial packaged air conditioning and heating equipment, packaged terminal air conditioners and heat pumps, warm air furnaces, packaged boilers, water heaters and hot water storage tanks. 42 U.S.C. 6313(a)(1)–(5). The efficiency requirements in the statute correspond with the levels in effect on October 24, 1992, in ASHRAE/IES Standard 90.1. The statute provides that if the ASHRAE/IES Standard 90.1 levels are amended after that date for any of the covered equipment, the Secretary of Energy must establish an amended uniform national standard at the new minimum level for each effective date specified in ASHRAE/IES Standard 90.1, unless (s)he determines, through a rulemaking supported by clear and convincing evidence, that a more stringent standard is technologically feasible and economically justified and would result in significant additional energy conservation. 42 U.S.C. 6313(a)(6)(A).

If the Secretary elects to publish such a rule, it must contain the amended standard, and the determination must consider, to the greatest extent practicable: the economic impact on the manufacturers and consumers of the affected products; savings in operating cost throughout the life of the product, compared to any increases in initial cost or maintenance expense; the total projected amount of energy savings likely to result directly from the imposition of the standard; any lessening of the utility or performance of the affected products; the impact of any lessening of competition; the need for national energy conservation; and other factors the Secretary considers relevant. The Secretary may not prescribe such an amended standard if (s)he finds (and publishes the finding) that interested persons have established by a preponderance of evidence that the amended standard is likely to result in unavailability in the United States of products with performance characteristics (including reliability), features, sizes, capacities and volumes that are substantially the same as those generally available in the United States at the time of the Secretary's finding. 42 U.S.C. 6313(a)(6)(B).

Finally, the Secretary may not prescribe any amended standard which increases maximum allowable energy use or decreases minimum required energy efficiency. 42 U.S.C. 6313(a)(6)(B)(ii).

B. Background

1. General

The Department of Energy (DOE or the Department) has an energy conservation program for consumer products, conducted under Part B of Title III of EPCA, 42 U.S.C. 6291–6309. The consumer appliance standards program consists of four principal parts: Test procedures, Federal energy conservation standards, labeling, and certification and enforcement procedures. The Federal Trade Commission (FTC) is responsible for labeling, and the Department implements the remainder of the program as codified in Title 10 of the Code of Federal Regulations (CFR), Part 430—Energy Conservation Program for Consumer Products.

Pursuant to the EPACT amendments to EPCA in 1992, DOE extended its program to cover commercial and industrial equipment and created a new Part 431 in Title 10 of the Code of Federal Regulations, entitled Energy Conservation Program for Commercial and Industrial Equipment. This part includes commercial heating, air conditioning and water heating equipment. This new program consists of: test procedures, Federal energy conservation standards, labeling, certification and enforcement procedures. EPCA directs the Department, rather than the FTC, to administer the statute's efficiency

labeling provisions for commercial equipment.

2. ASHRAE Action

ASHRAE revised ASHRAE/IES Standard 90.1 on October 29, 1999. ASHRAE changed the standards for some products but not for others. Of those products for which standards have not changed, some levels were considered by ASHRAE in the course of revising ASHRAE/IES Standard 90.1 and left at their preexisting values, while consideration of other products was deferred. Among those products that were deferred were standards for commercial (3 phase) small air conditioners and heat pumps (under 65 thousand Btu per hour), which are closely related to consumer products for which the Department is independently developing standards under NAECA. The standard levels in EPACT and ASHRAE/IES Standard 90.1–1999 appear in Tables 1 and 2.

TABLE 1.—EPCA SECTION 342(a) 1, 2, 3 AIR CONDITIONERS AND HEAT PUMPS

Equipment category	Equipment subcategory	EPCA section	EPCA date	Efficiency levels	
				EPCA 92	90.1–1999
Small Commercial Packaged Air Conditioning and Heating Equipment.	AC/HP <65—Air Cooled 3 Phase, Central Split System.	Cooling Eff. 342(a)(1)(A) ..... Heating Eff. 342(a)(1)(D)	1/1/94	SEER 10.0 ..... HSPF 6.8	SEER 10.0 HSPF 6.8
	AC/HP <65—Air Cooled 3 Phase, Central Single Package.	Cooling Eff. 342(a)(1)(B) ..... Heating Eff. 342(a)(1)(E)	1/1/94	SEER 9.7 ..... HSPF 6.6	SEER 9.7 HSPF 6.6
	AC/HP 65—135 Air Cooled Central.	Cooling Eff. 342(a)(1)(C) ..... Heating Eff. 342(a)(1)(F)	1/1/94	EER 8.9 ..... COP 3.0	EER 10.3 COP 3.2
	AC/HP <65—Water Cooled Evap. Cooled Water-Source Central.	Cooling Eff. 342(a)(1)(G) ..... Heating Eff. Water-Source *only* 342(a)(1)(I).	1/1/94	EER 9.3 ..... COP 3.8	EER 12.1 COP 4.2
	AC/HP 65–135 Water Cooled Evap. Cooled Water-Source Central.	Cooling Eff. 342(a)(1)(H) ..... Heating Eff. Water-Source *only* 342(a)(1)(I).	1/1/94	EER 10.5 ..... COP 3.8	EER 11.5 COP 4.2
Large Commercial Packaged Air Conditioning and Heating Equipment.	AC/HP 135–240—Air Cooled Central.	Cooling Eff. 342(a)(2)(A) ..... Heating Eff. 342(a)(2)(B)	1/1/95	EER 8.5 ..... COP 2.9	EER 9.7 COP 3.1
	AC/HP 135–240 Water Cooled Evap. Cooled Central.	Cooling Eff. 342(a)(2)(A) ..... *No Heating Eff. Requirement*	1/1/95	EER 9.6	EER 11.0
Packaged Terminal Air Conditioners and Heat Pumps.	PTAC/PTHP (Air Cooled)	Cooling Eff. 342(a)(3)(A) ..... Heating Eff. 342(a)(3)(B)	1/1/94	EER varies by capacity COP varies by capacity.	EER and COP vary by capacity (different formulas)

TABLE 2.—EPCA (AS AMENDED) SECTION 342(a) 4, 5 FURNACES, BOILERS, AND STORAGE WATER HEATER

Equipment category	Equipment subcategory	EPCA section	EPCA date	Efficiency levels	
				EPCA 92	90.1–1999
Warm Air Furnaces	≥225,000: ..... Gas Fired ..... Oil Fired	Gas Fired Eff. 342(a)(4)(A) ..... Oil Fired Eff. 342(a)(4)(A)	1/1/94	Thermal Efficiency:. 80% Gas ..... 81% Oil	Thermal Efficiency: 80% Gas 81% Oil
Package Boilers	≥300,000: ..... Gas Fired ..... Oil Fired	Gas Fired Eff. 342(a)(4)(C) ..... Oil Fired Eff. 342(a)(4)(D)	1/1/94	Combustion Efficiency:. 80% Gas ..... 83% Oil	Combustion Efficiency: 80% Gas 83% Oil
Storage Water Heaters ...	Electric	Standby Loss 342(a)(5)(A)	1/1/94	0.3+27/Va	20+35 √V
	≤155,000 and V≤ 40 gal	Thermal Eff. and Standby Loss 342(a)(5)(B).	1/1/94	Thermal Eff. 78%, Standby Loss Varies by Volume.	Thermal Eff. 80%, Standby Loss Varies by Volume
	>155,000 and V≤140 gal	Thermal Eff. and Standby Loss 342(a)(5)(C).	1/1/94	Thermal Eff. 78%, Standby Loss Varies by Volume.	Thermal Eff. 80%, Standby Loss Varies by Volume
Instantaneous Water Heaters.	V<10 gal Instantaneous	Thermal Eff. 342(a)(5)(D)	1/1/94	Thermal Eff. 80%.	Thermal Eff. 80%
	10 gal <V <140 gal Instantaneous.	Thermal Eff. and Standby Loss 342(a)(5)(E).	1/1/94	Thermal Eff. 77% Standby Loss Varies by Volume.	Thermal Eff. 80%, Standby Loss Varies by Volume
Storage Tanks	V ≤140 gal Unfired	Heat Loss 342(a)(5)(F)	1/1/94	Heat Loss 6.5 Btu/hr/ft^2.	Heat Loss 6.5 Btu/hr/ft^2
	Storage Water Heaters and Storage Tanks >140 gal.	Prescriptive 342(a)(5)(G)	1/1/94	R–12.5, IID	R–12.5, IID

In response to ASHRAE's action, the Department initiated a Preliminary Screening Analysis to aid the Department in deciding what action it should take at this point with respect to the efficiency levels in ASHRAE/IES Standard 90.1–1999.

II. Discussion

A. Preliminary Screening Analysis

In conducting the Preliminary Screening Analysis, the Department is using existing data from industry and other sources, including, among others, analysis performed for ASHRAE in support of its deliberations over the new ASHRAE/IES Standard 90.1–1999 efficiency levels. For each product category, the Department is estimating the likely cost of achieving several higher, technologically feasible efficiency levels and then will calculate for each such level the corresponding rate of energy consumption required to fulfill the product's function. Applying appropriate climate data, typical building design characteristics, inventories of buildings in different regions of the country, equipment sales volumes, and economic discount rates and energy prices, DOE will compute cost/benefit measures corresponding to the hypothetical efficiency levels and also estimate the nationwide energy and net cost savings, if any, that would result from more stringent standards than the levels in ASHRAE/IES Standard 90.1–1999.

For the products analyzed, the Department is examining the range of efficiency levels specified in EPCA and ASHRAE/IES Standard 90.1–1999, as well as more efficient levels, including those associated with the most efficient product available in the market and the lowest life-cycle cost. For each level above the EPCA standard, DOE will estimate: (1) The incremental national energy and carbon emission savings that would result from a standard set at that level, and (2) the net nationwide direct economic benefit (net present value) that would result from a standard set at that level, as compared to the corresponding ASHRAE/IES Standard 90.1–1999 and EPCA standards. The products being studied in the Preliminary Screening Analysis are:

- Central Air Source Air Conditioners, ≥135 kBtu/h—<240 kBtu/h
- Central Air Source Heat Pump, ≥135 kBtu/h—<240 kBtu/h (cooling performance only)
- Central Water Cooled Air Conditioners, ≥135 kBtu/h—<240 kBtu/h
- Central Air Source Air Conditioners, ≥65 kBtu/h—<135 kBtu/h
- Central Air Source Heat Pump, ≥65 kBtu/h—<135 kBtu/h (cooling performance only)
- Central Water Source Heat Pump, ≥65 kBtu/h—<135 kBtu/h (cooling performance only)
- Central Water Cooled Air Conditioners, ≥65 kBtu/h—<135 kBtu/h
- Packaged Terminal Air Conditioners
- Packaged Terminal Heat Pumps (cooling performance only)
- 3-Phase Single Pkg. Air Source Air Conditioners, <65 kBtu/h
- 3-Phase Split Air Source Air Conditioners, <65 kBtu/h
- 3-Phase Single Pkg. Air Source Heat Pump, <65 kBtu/h (cooling performance only)
- 3-Phase Split System Air Source Heat Pump, <65 kBtu/h (cooling performance only)
- Central Water Cooled Air Conditioners, <65 kBtu/h
- Central Water Source Heat Pump, ≥17 kBtu/h—<65 kBtu/h (cooling performance only)
- Central Water Source Heat Pump, <17 kBtu/h (cooling performance only)
- Large Gas-Fired Hot Water Boilers, ≥2.5 MMBtu/h
- Large Gas-Fired Steam Boilers, ≥2.5 MMBtu/h
- Small Gas-Fired Boilers, <2.5 MMBtu/h
- Gas-Fired Warm Air Furnaces, >225 kBtu/h
- Gas Storage Water Heaters, ≥155 kBtu/h
- Gas Storage Water Heaters, <155 kBtu/h
- Electric Water Heaters
- Tankless Instantaneous Water Heaters
- Instantaneous Water Heaters with Tanks

B. Products Not Included in the Preliminary Screening Analysis

Several products were not included in the formal Preliminary Screening Analysis:

- Central Air Source Heat Pumps, ≥135 kBtu/h—<240 kBtu/h (heating performance)
- Central Air Source Heat Pumps, ≥65 kBtu/h—<135 kBtu/h (heating performance)
- 3-Phase Single Package, Air Source Heat Pumps, <65 kBtu/h (heating performance)
- 3-Phase Split Air Source Heat Pumps, <65 kBtu/h (heating performance)
- Packaged Terminal Heat Pump (heating performance)
- Central Water Source Heat Pumps <135 kBtu/h (heating performance)
- Water Source Heat Pumps ≥135 kBtu/h—<240 kBtu/h
- Evaporatively Cooled Products
- Oil-Fired Warm Air Furnaces >225 kBtu/h
- Oil-Fired Storage Water Heaters ≥155 kBtu/h
- Oil-Fired Storage Water Heaters <155 kBtu/h
- Tankless Oil-Fired Instantaneous Water Heaters
- Oil-Fired Instantaneous Water Heaters with Tanks
- Oil-Fired Small Boilers ≥2.5 MMBtu/h
- Oil-Fired Large Boilers <2.5 MMBtu/h (steam and hot water)

The reasons for excluding these products involve insufficient data describing baseline energy consumption and cost-efficiency relationships, small markets for the products in question or lack of product shipment data, or, in the case of the heating performance of air-source heat pumps, absence of a suitable methodology to discriminate their heating function from that of supplemental heat sources with which they are often used.

C. DOE Decision Process

The Department plans to review the results of the Preliminary Screening Analysis and to announce the availability of the document in the **Federal Register**. The announcement will also contain DOE's preliminary inclination with respect to actions it will take on the EPCA commercial product categories covered by ASHRAE/IES Standard 90.1–1999 efficiency levels and will invite comments related to: (1) The analysis contained in the Preliminary Screening Analysis, (2) DOE's interpretation of the results, (3) DOE's treatment of the product categories; and (4) any other information or evidence that bears on the adoption of ASHRAE/IES Standard 90.1–1999 efficiency levels as uniform national standards under the terms of EPCA.

After receiving comments in response to the Announcement, the Department expects to pursue, for each product category, one of four courses of action:

- Adopt the ASHRAE/IES Standard 90.1–1999 efficiency level as a uniform national standard;
- Reject the ASHRAE/IES Standard 90.1–1999 efficiency level if it increases maximum allowable energy use or decreases minimum required efficiency;
- Propose consideration of an addendum to ASHRAE/IES Standard 90.1–1999 if ASHRAE did not consider a more efficient level, and a more efficient level appears warranted; or
- Propose consideration of an addendum to ASHRAE/IES Standard

90.1–1999 and undertake a more thorough evaluation to determine whether a rulemaking is justified, if ASHRAE considered amending or amended the standard, and a more efficient level appears warranted than is contained in ASHRAE/IES Standard 90.1–1999.

DOE expects to announce the availability of the Preliminary Screening Analysis in March 2000, along with the Department's preliminary inclinations with respect to the EPCA commercial product efficiency levels covered by ASHRAE/IES Standard 90.1–1999.

Issued in Washington, DC, on February 23, 2000.

Dan W. Reicher,

Assistant Secretary, Energy Efficiency and Renewable Energy.

[FR Doc. 00–4738 Filed 2–29–00; 8:45 am]

BILLING CODE 6450–01–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Parts 716 and 741

Privacy of Consumer Financial Information; Requirements for Insurance

AGENCY: National Credit Union Administration (NCUA).

ACTION: Notice of proposed rulemaking.

SUMMARY: The NCUA Board is proposing a new privacy rule applicable to all federally-insured credit unions, as required by the recently enacted Gramm-Leach-Bliley Act (the GLB Act or Act). The proposed rule requires credit unions to have a privacy policy and provide certain disclosures and notices to individuals about whom credit unions collect nonpublic personal information. It also restricts a credit union's ability to disclose nonpublic personal information, including giving individuals in some cases an opportunity to opt out of the disclosure. In drafting the proposed rule, the NCUA participated as part of an interagency group composed of representatives from the NCUA, the Federal Trade Commission, the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of Thrift Supervision, Secretary of the Treasury, and Securities and Exchange Commission (collectively, the Agencies). The other Agencies are also required to issue regulations to implement the GLB Act. NCUA's proposed rule takes into account the unique circumstances of federally-insured credit unions and their members but is comparable and consistent with the regulations of the other Agencies as required by the GLB Act.

DATES: NCUA must receive comments by March 31, 2000.

ADDRESSES: Direct comments to: Becky Baker, Secretary of the Board. Mail or hand-deliver comments to: National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428, or you may fax comments to (703) 518–6319. *Please send comments by one method only.*

FOR FURTHER INFORMATION CONTACT: Mary F. Rupp or Regina M. Metz, Staff Attorneys, Division of Operations, Office of General Counsel, at the above address or telephone: (703) 518–6540.

SUPPLEMENTARY INFORMATION:

I. Background

On November 12, 1999, President Clinton signed the GLB Act (Pub. L. 106–102, codified at 15 U.S.C. 6801 *et seq.*) into law. Subtitle A of Title V of the GLB Act, captioned Disclosure of Nonpublic Personal Information, limits the instances when a financial institution may disclose nonpublic personal information of a consumer to nonaffiliated third parties. It requires a financial institution to disclose to all its customers the institution's privacy policies and practices with respect to information sharing with affiliates and nonaffiliated third parties.

As required by the GLB Act, the NCUA has consulted with the other Agencies to ensure that its proposed rule is consistent and comparable with the proposed rules of the other Agencies. However, the NCUA's proposed rule takes into account the unique nature of credit union structure and operations, particularly, the relationship between a credit union and its members, credit union investment in credit union service organizations (CUSOs), and, generally, the significant difference between credit union and CUSO activities as compared with other financial institutions and their subsidiaries or affiliates.

A credit union is a not-for-profit, cooperative financial institution, formed to permit those in the field of membership specified in the credit union's charter to save, borrow, and obtain related financial services. Member ownership and control make credit unions unique from other financial institutions. Federal credit union investment in affiliates is limited to CUSOs, which are organizations that primarily serve credit unions or their members and whose business is related to the daily and routine operations of credit unions. 12 U.S.C. 1757(5)(D), 1757(7)(I). This is also generally true for state-chartered credit unions.

A key focus of the GLB Act is protecting the privacy of consumers and the customers of financial institutions while permitting financial institutions to make disclosures to their affiliates. In the credit union context, this means that the provisions of the Act and the requirements of NCUA's proposed regulation will apply *primarily* to a credit union's members and *ordinarily* permit sharing of information with CUSOs. Nevertheless, the Act and the proposed regulations impose requirements on credit unions with respect to nonmembers who are deemed to be consumers or customers receiving a financial product or service from the credit union. Thus, credit unions must understand when individuals qualify as a consumer or customer and what responsibilities the credit union has to them. While the GLB Act uses the term customer to describe a category of individuals to whom certain obligations are owed, the term customer should not be equated with the term member. Members in a credit union, as noted above, are its owners with a relationship to their credit union that is inherently different than that of customers to a financial institution. In addition, whether a CUSO will qualify as an affiliate to which a credit union may make disclosures will depend on the extent to which a credit union exercises control over the CUSO.

NCUA's proposed rule mirrors the other Agencies' proposed rules except for modifications appropriate to address the different circumstances of credit unions such as references to credit unions, CUSOs, members, nonmember customers, and other nonmembers. NCUA has also incorporated much of the preamble discussion from the Agencies' joint notice of proposed rulemaking in this preamble. The section-by-section analysis of the rule that follows points out those provisions that differ from the other Agencies' proposed rules. Besides differences in terms or definitions, a significant modification is in the use of examples in the rule. All the Agencies' proposed rules contain examples to aid understanding. NCUA has attempted to use examples pertinent to credit union circumstances and, therefore, has changed or deleted some examples used in the other Agencies' proposals.

The NCUA requests comment on all aspects of the proposed rule as well as comment on the specific provisions and issues highlighted in the section-by-section summary below. The NCUA