

August 10, 2016

Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Re: Amendment to the Annual Privacy Notice Requirement Under the Gramm-Leach-Bliley (Reg P) - Docket No. CFPB-2016-0032 or RIN 3170-AA60

www.regulations.gov

Dear Ms. Jackson:

On behalf of the nearly 1.5 million credit union members in Kansas and Missouri, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on the Consumer Financial Protection Bureau's (CFPB) amendment to the annual privacy notice requirement under the Gramm-Leach-Bliley Act (GLBA).

HCUA strongly supported the Eliminate Privacy Notice Confusion Act, which was introduced and supported by Missouri and Kansas U.S. Representatives in three consecutive Congresses. The privacy notice language from this bill was contained in the Fixing America's Surface Transportation Act (FAST Act) passed by Congress and signed by the president in December 2015. Through this legislation, Congress mandated the CFPB eliminate the unnecessary and outdated compliance burden of providing annual privacy notices if certain conditions are satisfied.

Under the GLBA, Regulation P requires credit unions provide their members with notice regarding their privacy policies. Previously, credit unions were required to send an annual notice to members in a way that can reasonably be expected to be received in writing or, if the member agrees, electronically. A notice was required annually, even if no change in the policy had occurred, resulting in unnecessary compliance costs. Under the proposed rule, credit unions that meet the criteria for this alternative delivery method would also meet the requirements for the new annual notice exception, which will largely eliminate the need to post notices online. Credit unions may choose whether to post the Privacy Notice online.

Exemption Requirements

Credit unions are not required to deliver a GLBA annual privacy notice if the credit union meets certain criteria under the proposed rule which include:

- The financial institution must not share nonpublic personal information about customers (members) except as described in certain statutory exceptions.
- The financial institution must not have changed its policies and practices with regard to disclosing nonpublic personal information from those the institution disclosed in the most recent privacy notice that was sent.

In Missouri and Kansas, as well as across the country, many credit unions were unable to use the previous exemption because of the conditions that had to be met. Congress recognized the previous changes did not benefit credit unions and their members and made the appropriate statutory changes to address those concerns.

HCUA believes this proposal agrees with the statutory changes and creates a more equitable process for credit unions to both protect members' information while not creating an excessive burden on the membership with unnecessary compliance procedures and costs.

Fair Credit Reporting Act (FCRA)

Changes to the Fair Credit Reporting Act (FCRA) opt-out notice should not be considered in the exemption from the privacy notice. HCUA believes that the rules set forth within the FCRA should guide its own requirements. In the proposal, the CFPB states the presence or absence of Fair Credit Reporting Act (FCRA) disclosures on a financial institution's privacy notice would not affect whether the credit union qualifies for the exemption. However, the CFPB notes that financial institutions that use the exemption must still provide FCRA opt-out disclosures, as currently required by the FCRA.

Timing When Not Qualifying for the Exemption

HCUA recommends the CFPB implement a 120-day period to deliver the annual privacy notice after the credit union makes changes to its policies and practices in a way that no longer allows it to qualify for the exemption, but does not require a revised notice. The current proposal of 60 days does not allow enough time for the credit unions to comply, especially for smaller credit unions, of which there are a significant number in Kansas and Missouri. Amending the requirement to allow up to 120 days would provide needed additional time to ensure credit unions are not penalized for addressing changes in a potentially compressed period of time.

This is a much needed and long-anticipated change to the privacy notice process for Kansas and Missouri credit unions, which benefits both states' credit union members by allowing credit unions to direct resources to their members rather than unnecessary procedures. Thank you for your consideration of HCUA's support and concerns regarding this proposal, and we welcome any questions regarding this issue.

Sincerely,



Brad Douglas
President/CEO