

**NEC PRINCIPALS MEETING
FINANCIAL PRIVACY
AGENDA
April 3, 2000**

I. Summary of Working Group Recommendations (see memo attached)

- Give consumers right to opt-out of affiliate sharing;
- Give consumers the right to access and correct their financial information;
- Restrict the use of medical information obtained from an affiliate;
- Eliminate GLBA exception that allows banks to engage in joint marketing agreements for financial products without providing customer choice;
- Propose no changes to current GLBA and FCRA preemption, leaving states free to impose more restrictive requirements, except as to affiliates prior to 2004;
- Consider including some enhanced enforcement mechanism (special regulator responsibilities, state AGs, or private right of action – open issue); and
- Make other improvements to GLBA, drawing on lessons learned through the rulemaking process.

II. Discussion: On affiliate sharing, this is largely what is expected. Are we comfortable with where this would position the Administration?

	Third Party Sharing	Affiliate Sharing
Industry	Opt-out	Notice only
LaFalce and Vento ((99) F)	Opt-out	Opt-out for marketing; otherwise notice
LaFalce and Vento ((00) F)	Not on record; probably Opt-out	Not on record; probably Opt-out
Safe Harbor	Opt-out	Opt-out (no agreement on financial)
Senate Democrats (not Schumer)	Opt-in	Opt-out
Markey and Consumer Groups	Opt-in	Opt-in
Proposed Medical	Opt-in	Opt-in
Children's On-line	Opt-in	Opt-in

Notes:

- We also would propose an access/correction requirement and elimination of the joint marketing "loophole" from GLBA, which would please Democrats and consumer groups.
- We would indicate continuing Treasury study of emerging practices, leaving an opening to come back to argue for higher standards for "profiling" and like practices involving financial information, if we ultimately support more aggressive legislation in on-line arena.