

October 10, 2000

Mr. Donald S. Clark
Secretary
Federal Trade Commission
Room H-159
600 Pennsylvania Avenue, NW
Washington, DC 20580

RE: Gramm-Leach-Bliley Act Privacy Safeguards Rule, 16 CFR Part 313-Comment

Dear Secretary Clark:

Please accept this comment letter on behalf of the North American Securities Administrators Association, Inc. (“NASAA”)¹. NASAA appreciates the opportunity to provide comment on this advance notice of proposed rulemaking as the Federal Trade Commission (“Commission”) continues to develop rules pursuant to Section 501(b) of the Gramm-Leach-Bliley Act.

NASAA’s interest in the Commission’s Safeguards Rule is focused on how that rule would impact some of those businesses regulated by state securities regulators. Specifically, these include: (1) investment advisers with less than \$25 million in assets under management (“state-level investment advisers”) and (2) intrastate securities broker-dealers. These regulated entities fall under the Commission’s authority for development of privacy rules to be employed by those financial institutions not otherwise specifically assigned to any of the other federal agencies.

On March 31, 2000, NASAA commented on the Commission’s Proposed Privacy Rule, 16 CFR Part 313. We appreciate the Commission’s decision that for intrastate securities broker-dealers and investment advisers not registered with the Securities and Exchange Commission (“SEC”), compliance with an example or use of a sample clause contained in the securities regulation in 17 CFR 248, to the extent applicable, constitutes compliance with the Commission’s §313.2 Rule of Construction.

¹ The oldest international organization devoted to investor protection, the North American Securities Administrators Association, Inc., was organized in 1919. Its membership consists of the securities administrators in the 50 states, the District of Columbia, Canada, Mexico and Puerto Rico. NASAA is the voice of securities agencies responsible for grass-roots investor protection and efficient capital formation.

The SEC adopted safeguards procedures as part of its Privacy of Consumer Financial Information Final Rule on June 22, 2000. Consistent with your agency's earlier decision that compliance with the SEC's privacy rule would satisfy the Commission's privacy rule, NASAA respectfully requests that the Commission allow investment advisers, not registered with the SEC, and intrastate securities broker-dealers to comply with the SEC's §248.30 "Procedures to Safeguard Customer Information and Records" in lieu of complying with the Commission's rule. This approach would result in a predictable and consistent policy for both state and federal investment advisers and will track investment adviser compliance requirements should state advisers have their assets under management exceed the \$25 million threshold, at which time they would register with the SEC and comply with federal securities laws. This policy will also assist state-regulated firms which often have working relationships with firms that are required to follow SEC regulations.

Recently, the NASAA membership adopted a vision statement entitled, *The New Economy and State Securities Regulation*. Consistency and uniformity in regulation is an ongoing theme throughout the document and an ongoing goal for state securities regulators. Allowing state-registered investment advisers and intrastate securities broker-dealers to follow the SEC's Procedures to Safeguard Customer Information and Records would provide constancy for all broker-dealers and investment advisers and be in line with our vision statement.

NASAA appreciates the opportunity to provide comment on the Federal Trade Commission's advance notice of proposed rulemaking on its Safeguards Rule. We look forward to the issuance of the notice of proposed rulemaking on the subject. If you desire further information, please contact Deborah Fischione, NASAA's Director of Policy at 202-737-0900.

Sincerely,

Christine A. Bruenn
Maine Securities Administrator
Chair, NASAA Privacy Project Group