

adoption. The Agencies specifically invite suggestions for other approaches to improve the readability and usefulness of privacy notices as set out in section III.

As an initial matter, the Agencies request comment on whether to pursue the development of a short privacy notice. The Agencies note that, should they do so, there are several ways the Agencies could exercise their authority for developing a short notice, and the Agencies have not settled on any single approach. The Agencies could, for example, explore whether an interagency interpretation of the privacy rule, perhaps with model forms or language, would promote the development of privacy notices that are more understandable and useful to consumers. Similarly, the Agencies could develop a set of guidelines or best practices that would enable financial institutions to improve their privacy notices, or the Agencies could propose amendments to the privacy rule. The Agencies request comment on what approaches would be most useful to consumers while taking into consideration the burden on financial institutions.

The Agencies have identified the following approaches to simplify the privacy notices for consideration by commenters. One approach would be for the Agencies to develop a specific format and standardized language for a short notice that highlights key elements of an institution's privacy policy. For instance, a short notice could describe the types of nonpublic personal information an institution collects, the institution's policies for sharing that information with third parties, and a description of how consumers can opt out of information sharing. Like a nutrition label, a standardized notice would permit consumers easily to compare these elements of the privacy policies of different institutions and to become familiar with the standardized format and text. This type of form could include a description of how the consumer could obtain a longer, detailed privacy notice or be provided in combination with a longer, detailed privacy notice. An example illustrating this kind of format and language for a short notice appears in Appendix A.

In a similar approach, the Agencies could develop a short notice with a specific format and standardized language that would be designed to address all of the relevant elements listed in the GLB Act and the privacy rule. Such a notice would permit consumers to compare all relevant elements listed under federal law of the privacy policies of different institutions.

However, since information sharing practices may vary, a financial institution may need flexibility in describing the categories of affiliated and nonaffiliated parties to whom it discloses nonpublic personal information. An example illustrating this kind of format and language appears in Appendix B and the categories of parties that may be modified by a financial institution appear in brackets.

Another approach to simplifying privacy notices would involve establishing a standardized format for privacy notices, but allowing financial institutions to provide their own descriptions of their privacy policies and practices. This potential approach may simplify privacy notices and make them more accessible for consumers, yet would permit each financial institution to tailor the language in the notice to suit its own privacy policies and practices. An example of a standardized format is included in Appendix C. Alternatively, the Agencies could prescribe standardized language that a financial institution would use to design its own notice without a format specified by the privacy rule. Standardized language may facilitate comparisons among financial institutions' policies and describe key consumer rights so that consumers could become familiar with circumstances under which information about them may be disclosed to third parties.

Another approach would be to focus attention on the consumer's right to opt out of disclosures available under the institution's privacy policies. For example, the opt-out notice could be provided by itself, with a statement that the institution's privacy policy is available on request. Alternatively, a description of the consumer's opt out right and how it could be exercised could be provided on the first page of a financial institution's privacy notice. The Agencies could prescribe the language, and its placement so as to ensure prominence and readability, but not require any further standardization of privacy notices. An example of this type of notice is included in Appendix D.

Detailed descriptions of ways to improve privacy notices, such as examples of language that may be used, illustrations of formats, and references to the particular requirements of the privacy rule that may need to be amended, will assist the Agencies in learning about and evaluating particular proposals. This ANPR outlines several potential approaches. The Agencies invite comment on the advantages and

disadvantages of these approaches. Also, the Agencies request comment on any other approach the Agencies should consider.

III. Request for Comments

Any change in the privacy rule to provide for short notices raises a number of issues. In addition to comment on the various approaches discussed above or illustrated in the appendices, the Agencies request comment and supporting research and documentation on other matters that may be raised by the implementation of a short privacy notice. In particular, the Agencies invite comment on the following questions and supporting documentation where available:

A. Goals of a Privacy Notice

1. What should be the goals of a privacy notice? What goals are most important?
2. Should the Agencies pursue the development of a short notice to achieve these goals?
3. Are there any special issues for the Agencies to consider in developing a short privacy notice that may arise from potential differences between federal and state law requirements?
4. In what ways should a privacy notice be useful to a consumer? Please identify those ways that are the most or least important.
 - a. To permit ready comparison among different institutions' privacy policies?
 - b. To provide sufficient information to make an informed decision about whether to opt out?
 - c. To highlight the consumer's right to opt out?
 - d. To provide convenient mechanisms for the consumer to opt out?
 - e. To provide a mechanism for the consumer to opt out in the same medium used to provide the privacy notice?
 - f. Other ways?

B. Elements of a Privacy Notice

1. What are the key elements of a privacy policy that a short notice should contain?
2. Are these key elements the same from the perspective of institutions and consumers? If not, explain the differences and why.
3. Is there an optimal number of elements (beyond which would be too many) to include in a short notice?
4. Should a short privacy notice contain, at a minimum, all of the relevant elements listed in the GLB Act and the privacy rule? If not, should it include a statement advising the consumer that an institution's complete privacy policy will be provided upon request?