

Supporting Statement
OMB Control Number 1557-0216
Privacy of Consumer Financial Information

A. Justification

1. Circumstances that make the collection necessary:

The Gramm-Leach-Bliley Act (Act) (Pub. L. 106-102) requires this information collection. The CFPB's regulation implements the Act's notice requirements and restrictions on a financial institution's ability to disclose nonpublic personal information about consumers to nonaffiliated third parties.

2. Use of the information:

Consumers use the privacy notice to determine whether they want personal information disclosed to third parties that are not affiliated with the institution. Further, consumers use the opt-out notice mechanism to advise the bank of their wishes regarding disclosure of their personal information. Institutions use the opt-out information to determine the wishes of their consumers and to act in accordance with their customers' instructions.

The information collection requirements in part 1016 are as follows:

§ 1016.4(a) - Disclosure (institution) - Initial privacy notice to consumers requirement – A national bank or Federal savings association must provide a clear and conspicuous notice that accurately reflects its privacy policies and practices to customers and consumers.

§ 1016.5(a) - Disclosure (institution) - Annual privacy notice to customers requirement – A national bank or Federal savings association must provide a clear and conspicuous notice to customers that accurately reflects its privacy policies and practices not less than annually during the continuation of the customer relationship.

§ 1016.8 - Disclosure (institution) - Revised privacy notices – If a national bank or Federal savings association wishes to disclose information in a way that is inconsistent with the notices previously given to a consumer, the national bank or Federal savings association must provide consumers with a clear and conspicuous revised notice of the national bank's or Federal savings association's policies and procedures and a new opt out notice.

§ 1016.7(a) - Disclosure (institution) - Form of opt out notice to consumers; opt out methods - Form of opt out notice – If a national bank or Federal savings association is required to provide an opt-out notice under § 1016.10(a), it must provide a clear and conspicuous notice to each of its consumers that accurately explains the right to opt out under that section. The notice must state:

- That the national bank or Federal savings association discloses or reserves the right to disclose nonpublic personal information about its consumer to a nonaffiliated third party;

- That the consumer has the right to opt out of that disclosure; and
- A reasonable means by which the consumer may exercise the opt out right.

A national bank or Federal savings association provides a reasonable means to exercise an opt out right if it:

- Designates check-off boxes on the relevant forms with the opt out notice;
- Includes a reply form with the opt out notice;
- Provides electronic means to opt out; or
- Provides a toll-free number to opt out.
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§§ 1016.10(a)(2) and 1016(c) - Consumers must take affirmative actions to exercise their rights to prevent financial institutions from sharing their information with nonaffiliated parties –

- Opt out – Consumers may direct that the national bank or Federal savings association not disclose nonpublic personal information about them to a nonaffiliated third party, other than permitted by §§ 1016.13-1016.15.
- Partial opt out – Consumer also may exercise partial opt out rights by selecting certain nonpublic personal information or certain nonaffiliated third parties with respect to which the consumer wishes to opt out.

§§ 1016.7(h) and 1016(i) - Reporting (consumer) - Consumers may exercise continuing right to opt out – Consumer may opt out at any time – A consumer may exercise the right to opt out at any time. A consumer’s direction to opt out is effective until the consumer revokes it in writing or, if the consumer agrees, electronically. When a customer relationship terminates, the customer’s opt out direction continues to apply.

3. Consideration of the use of improved information technology:

The collections are disclosures, filings from consumers, and internal institution records. Institutions are not prohibited from using any technology that facilitates consumer understanding and response, and that permits review, as appropriate, by examiners.

4. Efforts to identify duplication:

The collections of information are unique and cover the institution’s particular circumstances. No duplication exists.

5. Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:

The information collection requirements do not impose any significant burden beyond that required by statute. In addition, section 728 “Financial Services Regulatory Relief Act of 2006” (Act) (Pub. L. No. 109-351) provides for the development of a model form for the disclosures. The model form, which may be used at the option of the financial institution, must: be comprehensible to consumers with a clear format and design; provide for clear and conspicuous disclosures; enable consumers easily to identify the sharing practices of a financial

institution and to compare privacy practices among financial institutions; be succinct; and use an easily readable type font. Use of the model form should minimize the burden of this collection.¹

6. Consequences to the Federal program if the collection were conducted less frequently:

The information collection requirements closely follow the Act, which requires institutions to provide an annual notice of their privacy policies and practices to their customers, and to permit customers to opt-out of the disclosure of their personal information. There is no flexibility under the Act to collect the information less frequently.

7. Special circumstances necessitating collection inconsistent with 5 CFR 1320:

This collection is conducted consistent with the requirements of 5 CFR 1320.

8. Efforts to consult with persons outside the agency:

The OCC requested comments on the proposed extension of the information collection requirements contained in the regulation governing the Privacy of Consumer Financial Information on January 14, 2013 (78 FR 2720). No comments were received.

9. Payment to respondents:

Not applicable.

10. Any assurance of confidentiality:

Not applicable.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Burden estimate:

The information collection requirements and burden estimate are as follows:

Cite and Burden Type	Requirements in 12 CFR Part 1016	Number of Respondents	Average Hours Per Response	Estimated Burden Hours
12 CFR 1016.4(a) Disclosure (institution)	<u>Initial privacy notice to consumers requirement</u> – A bank must provide a clear and conspicuous notice that accurately reflects its privacy policies and practices to customers and consumers.	3	80	240

¹ The model form and its implementing regulations were published on December 1, 2009. 74 FR 62889.

Cite and Burden Type	Requirements in 12 CFR Part 1016	Number of Respondents	Average Hours Per Response	Estimated Burden Hours
<p>12 CFR 1016.5(a) Disclosure (institution)</p> <p>12 CFR 1016.8 Disclosure (institution)</p>	<p><u>Annual privacy notice to customers requirement</u> – A bank must provide a clear and conspicuous notice to customers that accurately reflects its privacy policies and practices not less than annually during the continuation of the customer relationship.</p> <p><u>Revised privacy notices</u> – If a bank wishes to disclose information in a way that is inconsistent with the notices previously given to a consumer, the bank must provide consumers with a revised notice of the bank’s policies and procedures and a new opt out notice.</p>	1,793	8	14,344
<p>12 CFR 1016.7(a) Disclosure (institution)</p>	<p><u>Form of opt out notice to consumers; opt out methods – Form of opt out notice</u> – If a bank is required to provide an opt out notice under § 1016.10(a), it must provide a clear and conspicuous notice to each of its consumers that accurately explains the right to opt out under that section. The notice must state:</p> <ul style="list-style-type: none"> • That the bank discloses or reserves the right to disclose nonpublic personal information about its consumer to a nonaffiliated third party; • That the consumer has the right to opt out of that disclosure; and • A reasonable means by which the consumer may exercise the opt out right. <p><u>A bank provides a reasonable means to exercise an opt out right if it:</u></p> <ul style="list-style-type: none"> • Designates check-off boxes on the relevant forms with the opt out notice; • Includes a reply form with opt out notice; • Provides electronic means to opt out; or • Provides a toll-free number to opt out. 	897	8	7,176

Cite and Burden Type	Requirements in 12 CFR Part 1016	Number of Respondents	Average Hours Per Response	Estimated Burden Hours
12 CFR 1016.10(a) 12 CFR 1016.10(c) 12 CFR 1016.7(f) and (g) Reporting (consumer)	<p><u>Consumers must take affirmative actions to exercise their rights to prevent financial institutions from sharing their information with nonaffiliated parties –</u></p> <ul style="list-style-type: none"> • <u>Opt out</u> – Consumers may direct that the bank not disclose nonpublic personal information about them to a nonaffiliated third party, other than permitted by §§ 1016.13-1016.15. • <u>Partial opt out</u> --Consumers may also exercise partial opt out rights by selecting certain nonpublic personal information or certain nonaffiliated third parties with respect to which the consumer wishes to opt out. <p><u>Consumers may exercise continuing right to opt out</u> – Consumer may opt out at any time. A consumer’s direction to opt out is effective until the consumer revokes it in writing or, if the consumer agrees, electronically. When a customer relationship terminates, the customer’s opt out direction continues to apply.</p>	2,526,802	0.25 hours	631,701
Total institution disclosure burden		1,793 institution respondents		21,760
Total consumer reporting burden		2,526,802 consumer respondents		631,701 hours
Total burden		2,528,595 respondents		653,461 hours

13. Estimate of annualized costs to respondents:

Institutions should be able to use readily available equipment to comply with the information collections. However, some software costs likely will be incurred to add the privacy notice and opt-out notice disclosures to existing institution documents. Most institution documents of this nature are revised on a continuing basis. Therefore, whether the revisions are made in-house or through a servicer, the cost would be a usual and customary business practice.

14. Estimate of annualized costs to the Federal government:

Not applicable.

15. Changes in burden:

Former burden:

- 15,099,629 respondents
- 3,822,127 hours

New burden:

- 2,528,595 respondents
- 653,461 hours

Difference:

-12,571,034 respondents and -3,168,666 hours

There have been no changes to the requirements of the regulations; however, the regulations have been transferred to the Bureau of Consumer Financial Protection (CFPB) pursuant to title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, 124 Stat. 1955, July 21, 2010 (Dodd-Frank Act) and republished as CFPB regulations (76 FR 79028 (December 21, 2011)). The burden estimates have been revised to remove the burden for national banks and Federal savings associations with over \$10 billion in total assets and any affiliates thereof, which is now carried by CFPB pursuant to section 1025 of the Dodd-Frank Act. The OCC retains supervisory and enforcement authority for national banks and Federal savings associations with total assets of \$10 billion or less that are not an affiliate of an insured depository institution with over \$10 billion in total assets.

16. Information regarding information collections whose results are planned to be published for statistical use:

Not applicable.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification statement:

None.

B. Collections of Information Employing Statistical Methods:

Not applicable.