

Alternative Forms of Privacy Notices Project No. PO34815

Comments of the National Independent Automobile Dealers Association Directed To The Federal Trade Commission, Washington, D.C. 20580.

A. Background Information.

In November 1999, President Clinton signed into law S. 900, the Financial Services Modernization Act of 1999, more commonly known as the "Gramm-Leach-Bliley Act" (GLB Act). Federal Agencies with regulatory authority were empowered to adopt and implement rules setting forth which business entities are subject to the Act and how to comply with its provisions. The Federal Trade Commission (FTC) is the regulatory agency with enforcement authority over motor vehicle dealers and other members of the motor vehicle industry who are not otherwise regulated by another regulatory agency as set forth in the GLB Act.

The FTC issued a "Final Rule" implementing the provisions of the GLB Act in May of 2000. The FTC's Final Rule became effective on November 13, 2000 and full compliance with the GLB Act and the Final Rule was required by July 1, 2001, including the obligation of covered financial institutions to provide Privacy Notices to their customers. On December 30, 2003, the FTC, together with seven other Federal Agencies, published an Interagency Proposal to Consider Alternative Forms of Privacy Notices Under the Gramm-Leach-Bliley Act. The Agencies are requesting comment on whether they should consider amending the regulations that implement sections 502 and 503 of the GLB Act to allow or require financial institutions to provide alternative types of privacy notices, such as a short privacy notice, that would be easier for consumers to understand.

The National Independent Automobile Dealers Association (NIADA) has represented independent motor vehicle dealers for over 50 years. The National Association and its State Affiliate Associations represent more than 18,000 independent motor vehicle dealers located across the United States. In 2002, a record 43 million used motor vehicles were retailed generating more than \$370 billion in revenues. Because vehicles are lasting longer (the average vehicle on the road today is over 8.5 years old), projections of future used vehicle sale volumes suggest that the used vehicle market will maintain its 40-million-plus volume in the years to come.¹ Given the number of motor vehicle transactions that take place each year, amending the regulations that implement sections 502 and 503 of the GLB Act to allow or require financial institutions to provide alternative types of privacy notices could have a significant impact on the used retail motor vehicle industry. Therefore, NIADA is submitting comments regarding the Interagency Proposal to Consider Alternative Forms of Privacy Notices Under the Gramm-Leach-Bliley Act.

B. General Considerations for Improving Privacy Notices.

The stated purpose of the GLB Act and the Privacy Rules is to ensure that financial institutions respect the privacy of their customers and protect the security and confidentiality of "nonpublic

¹ The 2003 Used Car Market Report, Manheim Auctions, 1400 Lake Hearn Drive, NE, Atlanta, GA 30319-1464.

