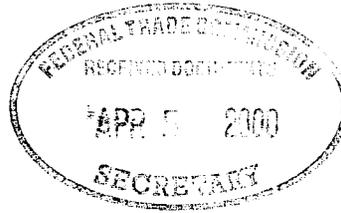




**THE ASSOCIATION of
CORPORATE CREDIT UNIONS**



479093-156

March 31, 2000

Secretary
Federal Trade Commission
Room H-159
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

RE: 16 CFR Part 313, Proposed Rule on Privacy

Dear Sir:

The Association of Corporate Credit Unions (ACCU) appreciates the opportunity to comment on the Federal Trade Commission's (Commission's) proposed privacy rule. ACCU serves as the primary trade association for the thirty-five corporate credit unions (corporates) located around the country that provide liquidity, investment products, payments settlement and other financial services to the nation's 11,000 federal and state-chartered credit unions.

The proposed rule is mandated by the Gramm-Leach-Bliley Act (GLB Act) which was signed into law last November. The rule requires federally-insured credit unions to have a privacy policy and provide certain disclosures to individuals about whom credit unions collect nonpublic personal information. Under the Act, final privacy rules must be issued by May 12, 2000 with an effective date of November 13, 2000. The Commission's proposal is substantially similar to the other federal regulatory agencies, as mandated by the Act, with appropriate exceptions to account for credit unions' uniqueness.

Section 313.1, Purpose and Scope

The Commission's privacy rule will apply to four non-federally-insured corporate credit unions. Those corporates are Treasure State Corporate Credit Union (MT); Wisconsin Corporate Central Credit Union (WI); North Dakota Central Credit Union (ND); and Missouri Corporate Credit Union. In Section G of the Supplementary Information, the Commission invites comments on the comprehensibility of the rule, including input on how the rule can be changed so that it is easier to understand.

In response to this request, ACCU urges the Commission to allow the four non-federally insured corporates to follow the privacy rule that will be issued by the National Credit Union Administration (NCUA), while preserving the FTC's enforcement authority over these corporates. Although 16 CFR 313 is substantially similar to the privacy rules of the other federal regulators, NCUA's rule will provide a focus on credit unions, including examples tailored to their operations.

The four non-federally-insured corporates are subject to the same supervisory and enforcement authority of state regulatory examiners as are other state chartered credit unions. Moreover, these corporates are also

subject to NCUA's supervisory and enforcement authority pursuant to Part 704 of NCUA's Rules and Regulations. NCUA's rule, directly applicable to federally-insured credit unions, including corporates, will address the unique membership features of credit unions as well as determine the ownership interest federally-insured credit unions must have in CUSOs in order for these entities to be considered "affiliates" for purposes of the privacy rule. These variations by NCUA will be important to the cooperative nature of the credit union movement and carry forth the directive of Congress, as reflected in the Conference Report, that "agencies...should take into consideration any adverse competitive effects upon small commercial banks, thrifts, and credit unions."

ACCU maintains that allowing all credit unions to rely on the same language will improve compliance because all credit unions can be provided the same training opportunities and supervisory oversight by their state examiners. ACCU supports the language suggested by the Credit Union National Association, Inc., to achieve this request. Specifically, ACCU supports inserting the following language at the end of Section 313.1(b):

Credit unions subject to the Commission's enforcement authority will be subject to the provisions of 12 CFR 716.

In its letter to NCUA, ACCU has urged NCUA to exempt corporates from the scope of its proposed privacy rule due to the nature of corporates' operations and functions. A copy of our letter to the NCUA is attached for your information.

Sections 313.3(a), (g) Definitions of "affiliate" and "control"

The proposed rule defines "affiliate" as any company that controls, is controlled by, or is under common control with another company. "Control," in turn, is defined using the tests applied in the Federal Reserve Act (12 U.S.C. 371c). The definition includes ownership, control or power to vote 25% or more of the shares of a company, control over the election of a majority of the directors of the company, or the power to exercise a controlling influence over the management or policies of the company.

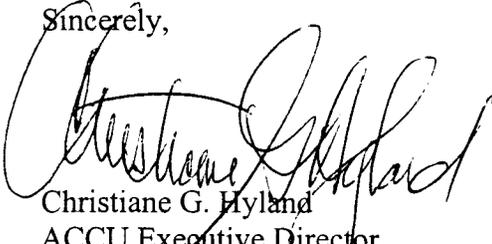
ACCU is interested in the Commission's privacy rule because it will cover credit union service organizations (CUSOs) to the extent that such CUSOs are not covered under another agency's privacy rule, such as those issued by the Securities and Exchange Commission. CUSOs are limited partnerships, corporations, or limited liability companies where a credit union has made an investment and/or loan. CUSOs provide services that primarily serve credit unions or members of affiliated credit unions.

The NCUA has specifically requested comment on whether a CUSO that is 100% owned by credit unions should be considered an affiliate of all the investing credit unions, regardless of whether any one credit union owns 25%. This issue has been raised out of recognition that CUSOs occupy a unique role in the credit union cooperative structure with no parallel in other types of institutions and that CUSOs are subject to restrictions that do not apply to other types of affiliates.

ACCU has recommended to the NCUA to eliminate the 25% threshold. If the threshold is eliminated in NCUA's final rule, this will apply to information that is disclosed by the credit union to the CUSO. However, this change will not apply to information that is disclosed by the CUSO to the credit union, unless the Commission adopts the suggested modification of Section 313.1(b) outlined above or changes its rule accordingly with regard to the CUSOs that are subject to the Commission's jurisdiction.

ACCU again thanks the Commission for the opportunity to comment on its proposed privacy rule. If you or agency staff have questions about our comments, please give me a call at 202-218-7782.

Sincerely,



Christiane G. Hyland
ACCU Executive Director

cc: Corporate Credit Union CEOs
Mr. Bob Schafer, Director, NCUA's Office of Corporate Credit Unions