



The Gramm-Leach-Bliley Act (GLBA) Enacted: November 1999 (USA)

1 What the law covers:

The requirements of financial institutions to:

- Protect the privacy of consumer information
- Provide privacy notices explaining their information sharing practices

Consumers rights to:

- Limit some sharing of their information by financial institutions

2 What is the GLB Act:

The Gramm-Leach-Bliley Act is also known as The Financial Modernization Act of 1999. It is administered by the Federal Trade Commission (FTC).

3 Who must adhere to the regulations:

Almost any business involved in providing financial products or services to consumers.

Examples:

- Check-cashing businesses
- Mortgage brokers
- Banks
- Insurance companies
- Real estate appraisers
- Tax preparation businesses
- Accountants
- ATM operators

4 How it relates to information management:

Sections 501(b) and 16 CFT 314.4 detail **The Safeguards Rule** and the requirements for an information security plan and resulting program. The goal is to:

- Maintain the security, confidentiality and integrity of customer information – with the use of administrative, technical and physical safeguards
- Prevent unauthorized disclosure, misuse, alteration or destruction of information

Key components for an information security program:

- Designate specific employee(s) to co-ordinate the program
- Implement a continuous safeguard improvement cycle – i.e. identification, assessment and mitigation of internal and external risks
- Select service providers that can maintain appropriate safeguards

Key times for evaluating risk:

- After material changes to operations or business arrangements
- After any circumstances that may have a material impact on the information security program

For more information:

Federal Trade Commission – www.ftc.gov

5 How to comply:

The Safeguards Rule requires companies to:

1. Have a written information security plan that describes their program to protect customer information
2. Implement measures and safeguards based on the:
 - Company's size and complexity
 - Nature and scope of its activities
 - Sensitivity of the customer information it handles
3. Have appropriate document storage and destruction protocols, for example:
 - Storing records in a secure area
 - Shredding customer information recorded on paper

6 Secure disposal requirements:

Disposal of customer information in a secure way and, where applicable, consistent with the FTC's Disposal Rule.

For example:

- Designate or hire a records retention manager to supervise the secure disposal of customer information
- If you hire an outside disposal company, conduct due diligence to ensure they meet secure disposal requirements
- Burn, pulverize, or shred papers containing customer information
- Destroy or erase data when disposing of hard drives, laptops, PDAs, cell phones, or any other electronic media or hardware containing customer information

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7 Offences/penalties for infringement:

Who can be charged?

- Financial institutions
- Individuals – officers and directors

What are the civil/criminal penalties?

Examples include:

Civil Penalties (max.):

- Institutions: \$100,000
- Officers/Directors: \$10,000

Under Title 18 of the United States code:

- Institutions: fines
- Officers/Directors: fines and/or imprisonment

Under FDIA (Federal Deposit Insurance Act):

- Institutions: sanctions, termination of FDIC insurance, management removal
- Officers/Directors: fines of up to \$1,000,000 or 1% of the institution's total assets, whichever is less

8 How Shred-it can help:

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