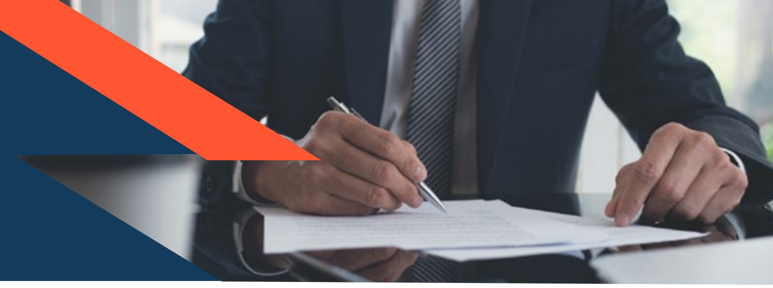
FACT SHEET

# Gramm Leach Bliley Act – Safeguards Rule



## Important Changes to the GLBA's Safeguards Rule

The Federal Trade Commission's (FTC) Safeguards Rule is part of the larger Gramm Leach Bliley Act. The Gramm Leach Bliley Act (GLBA), also known as the Financial Modernization Act of 1999, is meant to protect consumers and hold businesses that deal with customer finances accountable for how they protect customer information. Per the Safeguards Rule, customer information is defined as "any record containing nonpublic personal information about a customer, whether in paper, electronic, or other form, that is handled or maintained" by or on behalf of your business. This could therefore include an individual's name, address, income, credit history, bank account information, etc.

The FTC Safeguards rule was updated in 2021 and provides more direction to financial institutions regarding what businesses are covered and how to stay compliant.

**Businesses need to be compliant with the updated FTC Safeguards Rule as of June 9th, 2023.**

## How to be compliant with the FTC Safeguards Rule

The updated Safeguards Rule requires covered financial institutions to develop, implement, and maintain an information security program with administrative, technical, and physical safeguards designed to protect customer information[1].

### Law Penalties for Non-Compliance

Non-compliance with the FTC Safeguards Rule can result in penalties laid out in the greater Gramm Leach Bliley Act.

**If GLBA non-compliance is proven during an audit, the penalties include:**

Fines of USD$100,000 per violation for financial institutions found in violation.

Fines of USD$100,000 per violation for individuals found in violation.

Criminal penalties include imprisonment for up to five years for individuals found in violation.

### How to establish a compliant information security program

**The FTC Safeguards Rule lays out 9 steps for covered businesses to follow to help build their information security program to stay compliant.**

1. Designate a Qualified Individual to implement and supervise your company's information security program. According to the Safeguards Rule, the Qualified Individual can be an employee of your company or can work for an affiliate or service provider. The person doesn't need a particular degree or title. What matters is real-world know-how suited to your circumstances.
2. Conduct a risk assessment over both the business processes that are utilized and the systems that store customer information.
3. Design and implement safeguards to control the risks identified through your risk assessment. These safeguards include disposing of customer information securely.
4. Regularly monitor and test the effectiveness of your safeguards.
5. Train your staff on data protection threats and risks.
6. Monitor your service providers to verify that they are maintaining appropriate safeguards.
7. Keep your information security program current.
8. Create, maintain, and periodically test a written incident response plan.
9. Require your Qualified Individual to report to your Board of Directors.

## Who is covered by GLBA and the FTC's Safeguards rule?

Organizations that are covered under the GLBA and FTC Safeguards Rule are deemed to be institutions that are "significantly engaged" in financial activities, and therefore considered a financial institution.

Some questions to ask yourself to determine if you are significantly engaged in financial activities:

1. Do you provide services such as lending, exchanging, transferring, investing for others, or safeguarding money or securities? These are services offered by lenders, check cashers, wire transfer services, and sellers of money orders.
2. Do you provide financial, investment, or economic advisory services? These are services offered by credit counselors, financial planners, tax preparers, accountants, and investment advisors.
3. Do you broker loans, service loans, or provide debt collection services?
4. Do you provide real estate settlement services?
5. If you are in a retail space, do you have a formal financial arrangement with your consumer? For example, a retailer that provides a store credit card would be covered.
6. If you are in a retail space, do you regularly deal with lay-away payment plans with your consumers? For example, a retailer that offers financing payment options would be covered.
7. If you answered yes to one or more of the above, do you also maintain customer information regarding more than 5,000 consumers? If less than 5,000, you are exempt from coverage.

# Shred-it® Can Help

Our trained consultants work with every customer to develop a custom, effective, and affordable document destruction program designed to help protect their confidential information. documents. We will work with you to build a physical information security program which includes:

### Free Information Security Risk Assessment

Trained Shred-it representatives will conduct a free information security risk assessment for your business, helping you determine potential areas of risk.

### Regularly-Scheduled Document Destruction

Regularly scheduled service helps ensure that your confidential information is secure when being discarded. You can put all unwanted documents into our lockable containers, conveniently placed throughout your workplace, where they remain until pick-up day.

### Proof of Service

Upon collection you will receive proof of service to confirm that we have collected your materials.

### Complementary Workplace Privacy Policy Customizable Templates

Our customizable policy templates can help you establish document management practices.

Sources:

https://www.ftc.gov/business-guidance/resources/ftc-safeguards-rule-what-your-business-needs-know

https://www.quebec.ca/gouvernement/ministeres-et-organismes/institutions-democratique-acces-information-laicite/acces-documents-protection-renseigne-ments-personnels/pl64-modernisation-de-la-protection-des-renseignements-personnels

https://www.cnq.org/en/the-chambre-and-your-protection/news-press-room/protection-des-renseignements-personnels-entree-en-vigueur-prochaine-de-la-loi-25/

https://www.lapresse.ca/affaires/2022-12-10/commission-d-acces-a-l-information/la-presidente-veut-plus-d-argent-pour-faire-appliquer-les-nouvelles-lois.php

**We protect what matters.**℠

Shred-it®
A Stericycle® Solution