

ICI Letter in Support of Financial Data Protection Legislation, November 2005

October 28, 2005

The Honorable Michael Oxley
Chairman, Financial Services Committee
U.S. House of Representatives
2308 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Oxley:

I am writing to express the support of the Investment Company Institute^{*} and our members for H.R. 3997, the [Financial Data Protection Act of 2005](#). The Institute appreciates the good and hard work of the Committee on this legislation that will provide significant protection to sensitive financial consumer data. In particular, the legislation will impose continuing requirements on businesses to preserve the confidentiality of data about consumers and protect such data from unauthorized use. Moreover, in the event such data is compromised, H.R. 3997 would ensure that consumers are provided notice of the compromise and advised how to protect themselves.

The Institute is particularly pleased that H.R. 3997 would, through its provisions governing relation to state laws, ensure there is one national standard governing the protection of sensitive consumer information and the duty to provide notice when such information is compromised. This uniform national standard would supplant the panoply of existing standards that have been enacted by almost half the states – no two of which are alike. Having a uniform national standard will best serve consumers because it eliminates disparate treatment of consumers based upon their state of residence. It will also benefit industries, such as the mutual fund industry that has investors in every state, by eliminating the need to develop a variety of notices, each of which is tailored to the individual states' unique requirements.

The Institute commends the Committee for its consideration of H.R. 3997. We look forward to working with you to address any issues of concern to the Committee that might impede prompt action on this important legislation.

Sincerely,

Paul Schott Stevens

cc: The Honorable Barney Frank
The Honorable Steven C. LaTourette
The Honorable Darlene Hooley
The Honorable Michael N. Castle
The Honorable Deborah Pryce
The Honorable Dennis Moore

ENDNOTES

* ICI members include 8,509 open-end investment companies (mutual funds), 659 closed-end investment companies, 147 exchange-traded funds, and 5 sponsors of unit investment trusts. Mutual fund members of the ICI have total assets of approximately \$8.428 trillion (representing more than 95 percent of all assets of US mutual funds); these funds serve approximately 87.7 million shareholders in more than 51.2 million households.

not constitute, and should not be considered a substitute for, legal advice.