

Date: August 18, 2006

Subject: Proposed Rules on Identity Theft Red Flags and Notices of Address Discrepancy

Highlights: The federal financial institution regulatory agencies and the Federal Trade Commission are soliciting comments on a Notice of Proposed Rulemaking (NPRM) concerning identity theft “red flags” and address discrepancies. The NPRM, which has been reviewed and approved by each of the agencies, implements section 114 and 315 of the Fair and Accurate Credit Transactions Act of 2003.

The regulations that the agencies are jointly proposing would require each financial institution and creditor to develop and implement an identity theft prevention program that includes policies and procedures for detecting, preventing, and mitigating identity theft in connection with account openings and existing accounts. The program would have to include policies and procedures for detecting any “red flag” relevant to its operations and implement a mitigation strategy appropriate for the level of risk. The proposed regulations also would require credit and debit card issuers to develop policies and procedures to assess the validity of a request for a change of address followed closely by a request for an additional or replacement card. Additional proposed regulations would require users of consumer reports to develop reasonable policies and procedures applicable to receipt of a notice of address discrepancy from a consumer reporting agency.

Because of the encompassing nature of the proposed regulations and the requirement that financial institutions develop written policies and procedures to address identity theft challenges, financial institutions are encouraged to review the proposed rules and regulations and provide comments as deemed appropriate. The regulations as written may have a broad impact on a financial institution’s compliance responsibilities and resource needs.

Comments on the NPRM are due no later than 60 days after publication in the Federal Register. That date is September 18, 2006.

Documentation:

<http://www.federalreserve.gov/boarddocs/press/bcreg/2006/20060718/default.htm>

Further Information: Henry Dove, Supervisory Examiner
Banking Supervision and Regulation Department
(314) 444-8846, or 1-800-333-0810, ext. 44-8846