



FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

FTC Workshop to Examine Safeguards Rule (Part 1)

July 13, 2020

Tags:

[Privacy and Security](#), [Data Security](#), [Gramm-Leach-Bliley Act](#)[Consumer Protection](#)

The FTC held an [online workshop](#) on July 13, 2020 that explored some of the issues raised in response to amendments the FTC has proposed making to the Gramm-Leach-Bliley Act's Safeguards Rule, which requires financial institutions to develop, implement, and maintain a comprehensive information security program.

Categories: 2020 Workshops

Current Rule



- **Comprehensive Information Security Program**
 - Must be appropriate to:
 - FI's size and complexity
 - The nature and scope of activities.
 - Sensitivity of Customer Information at issue.
 - Must :
 - Designate an employee or employees to coordinate.
 - Identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information.
 - Assess the sufficiency of Safeguards in place to control risks.
 - Address employee training and management; information systems; and detecting, preventing and responding to attacks.





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Current Rule



- Financial Institutions must:
 - Design safeguards to control risks and regularly test the effectiveness of those safeguards.
 - Oversee service providers by selecting ones that are capable of maintaining appropriate safeguards and requiring them by contract to maintain those safeguards.
 - Evaluate and adjust the Information Security Plan based on:
 - Results of testing.
 - Any material Changes to operations.
 - Any other circumstances that you have reason to know will materially impact your information security program.





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Proposed Rule



- Still based on creation of a Comprehensive Information Security Program based on a risk assessment that is suited to the size and complexity of the financial institution and the sensitivity of the Customer Information involved.
- Includes more detailed requirements for the plan.
- Almost all of the requirements are process based and adaptable.
- Financial Institutions that maintain less customer information would be exempted from some requirements.





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Proposed Rule



- Under the proposed rule, Financial Institutions must:
 - Designate one qualified individual to be responsible for overseeing the program.
 - Only changes are requiring one person to have responsibility and the addition of the word "qualified."
 - Uses term "CISO" but this is not intended to require a specific set of qualifications. "Qualified" will vary based on size and complexity of the network.
 - Base the program on a written risk assessment that must include certain criteria for determining risk and address how the program will address those risks.
 - Periodically perform additional risk assessments – it is not something that can be done once and forgotten.
 - Regularly test or otherwise monitor the effectiveness of the program. Either through continuous monitoring, or through:
 - Annual penetration testing and
 - Biannual vulnerability assessments.





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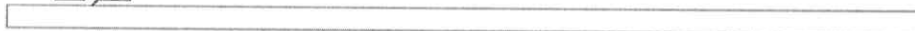
Proposed Rule



Training

- Under the proposed rule, Financial Institutions must:
 - Provide security awareness training to personnel
 - Utilize qualified information security personnel, either employees or through a service provider.
 - Train those security personnel and verify that they take steps to maintain current knowledge.

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Proposed Rule



- Under the proposed rule, Financial Institutions must
 - Oversee service providers as under the current rule and periodically assess those providers.
 - Evaluate and adjust your program as under the current rule.
 - Establish a written incident response plan.
 - Require person in charge of program to provide annual written report to board of directors (or equivalent governing body) regarding the status of the information security program.





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Proposed Rule



- Audit Trails: Must include audit trails that will allow the detection of security events.
- Disposal: Must have procedures for secure disposal of information that is no longer necessary for legitimate business purposes.
- Change Management: Must have procedures for handling changes to the system, including connecting to other networks or databases, and changes to the structure of the network.
- Monitor activity of authorized users: Systems for making sure that authorized users are not misusing information.





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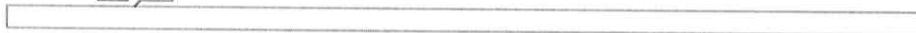
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Proposed Encryption Requiremen



- Would require that all customer information held or transmitted be encrypted both in transit over external networks and at rest.
- Points to note:
 - Would apply only to customer information.
 - Would only apply to transmitted information when it is transmitted over external networks.
 - If financial institution determines that encryption is not feasible, they may use effective alternative compensating controls reviewed and approved by person in charge of program.

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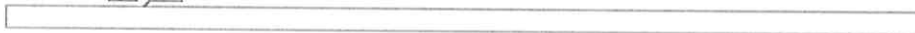
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Proposed MFA Requirements



- Would require multifactor authentication for any individual accessing customer information.
- Must include at least two of three factors:
 - Knowledge Factor ("Things you know") – Passwords, biographical information.
 - Possession Factor ("Things you have") – Tokens, possession of devices.
 - Inherence Factor ("Things you are") – biometric characteristics such as fingerprints or voice.
- Reasonable equivalent or more secure access controls may be used if person in charge of program approves in writing.

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Proposed Exception



- Financial institutions that maintain information about fewer than 5,000 consumers would be exempted from most of the written requirements.

