




SAFE GUARDS RULE

The Federal Trade Commission (FTC) recently revised the Safeguards Rule deadline extension due to a lack of qualified workers who could implement new information security programs and due to the lasting impact of the COVID-19 pandemic. The Safeguards Rule requires financial institutions and non-financial institutions that handle financial consumer data to have measures in place to protect customer information.

The deadline for compliance was initially set for December 9, 2022, but **the FTC has now extended the deadline to June 9, 2023.** The extension is intended to give companies more time to hire and train qualified workers and to implement new information security programs in the face of the challenges posed by the pandemic. The revision is intended to provide relief to financial institutions and smaller businesses while still ensuring the protection of customer information.




**The Safeguards Rule
is part of the Gramm-
Leach-Bliley Act (GLBA),
which Congress passed
in 1999.**



The GLBA established a framework for regulating the financial services industry and included provisions to protect consumers' personal information.

Under the Safeguards Rule, companies subject to the rule must develop, implement, and maintain a comprehensive information security program that includes administrative, technical, and physical safeguards to protect consumers' personal information. These safeguards must be appropriate to the size and complexity of the company, the nature, and scope of its activities, and the sensitivity of the information it handles.

The Safeguards Rule applies to many companies, including financial institutions, banks and credit unions, and non-financial companies that handle sensitive consumer information. Included companies provide services such as credit repair, debt collection, and mortgage lending, as well as non-financial companies that handle sensitive consumer information as part of their business, such as retailers, healthcare providers, government contractors, and professional firms.

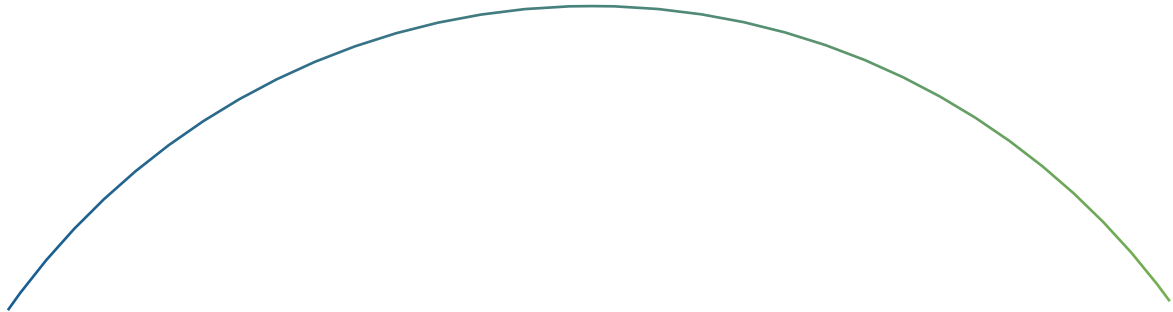


The Safeguards Rule requires companies to implement several measures to protect consumers' personal information. These measures include:

- ✓ Designating an employee or employees to coordinate the company's information security program
- ✓ Identifying and assessing the risks to consumers' personal information
- ✓ Developing and implementing appropriate safeguards to control those risks
- ✓ Regularly testing and monitoring the effectiveness of the safeguards
- ✓ Evaluating and adjusting the safeguards in response to changes in the company's operations or business environment

The Safeguards Rule also requires companies to provide their employees with appropriate training on information security and to ensure that service providers with access to consumers' personal information are also implementing appropriate safeguards.

One of the critical aspects of the Safeguards Rule is the requirement for companies to **regularly assess and monitor the effectiveness of their information security program**. This includes conducting periodic risk assessments, testing the efficacy of the safeguards, and taking steps to improve the program as needed.

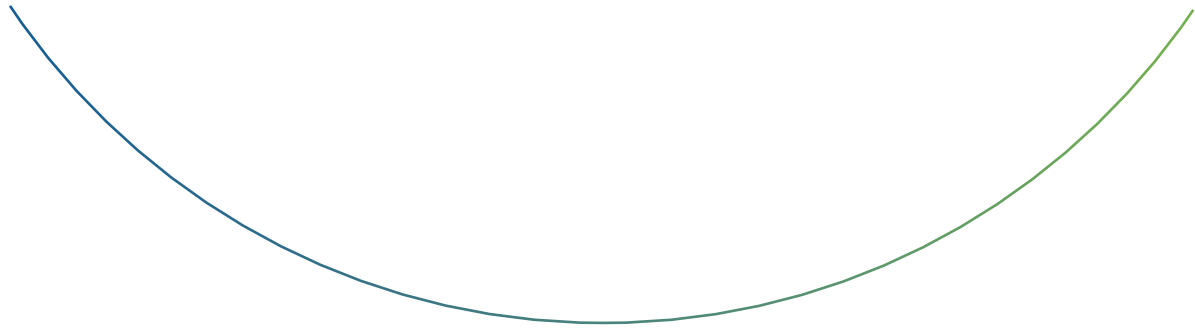


The FTC has guided how companies can comply with the Safeguards Rule, including examples of appropriate safeguards, such as:

- Encrypting sensitive information
- Limiting access to sensitive information to only those employees who need it to perform their job duties
- Implementing firewalls and other security measures to prevent unauthorized access to sensitive information
- Conducting regular security audits and testing to identify and address vulnerabilities in the company's information systems
- Requiring employees to use unique user IDs and passwords to access sensitive information

In addition to the Safeguards Rule, companies are also subject to other federal and state laws that address information security and protect consumers' personal information. These laws include the FTC Act, which prohibits deceptive and unfair practices, and state laws that provide consumers with specific rights regarding their personal information, such as the right to access, correct, or delete their data.

The Safeguards Rule protects consumers' personal information from unauthorized access, use, or disclosure. By requiring companies to implement appropriate safeguards and regularly assess and monitor their effectiveness, the rule helps to ensure that consumers' personal information is treated with the respect and care it deserves.



American Technology Services (ATS) will prepare you for the Safeguards Rule by providing a range of services designed to help businesses comply with the rule's requirements. ATS can perform a comprehensive review of a company's current data protection practices to identify any gaps or areas for improvement.

This can include conducting a thorough assessment of a company's data security systems and protocols, as well as providing recommendations for how to strengthen them. In addition, ATS can help companies develop and implement robust data protection policies and procedures and provide training to ensure that all employees are aware of their obligations under the safeguards rule. Overall, ATS can provide the expertise and support that companies need to confidently prepare for and comply with the Safeguards Rule.

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