

August 18, 2022

Adrienne A. Harris, Superintendent  
New York Department of Financial Services  
One State Street, 20th Floor  
New York, NY 10004

**Re: Pre-Proposed Rules 23 NYCRR 500**

Dear Superintendent Harris:

On behalf of the American Financial Services Association (“AFSA”)<sup>1</sup> thank you for the opportunity to provide comments on the Department of Financial Services’ (“DFS”) pre-proposed amendments to the Cyber Security Requirements for Financial Services Companies (23 NYCRR 500). Because of the short time frame during which comments are accepted on pre-proposed rules, we are limiting these comments to general concerns and will address specific substantive issues in our comments during the formal comment period. We believe clear rules benefit consumers and financial institutions alike, and we look forward to engaging with DFS throughout the rulemaking process.

As with the initial draft of the cybersecurity requirements proposed several years ago, the changes released in the pre-proposed outreach would be incredibly burdensome and require significant operational changes with little added consumer benefit. Many of the rules’ proposed requirements would be extremely difficult, if not impossible, to implement in practice and would likely increase costs for consumers due to the necessary expense required to implement the significant changes and the increased costs of doing business in the state. Most importantly, we believe the rules should provide more flexibility for covered entities to operate within their existing cybersecurity processes appropriate to the size and complexity of their business, which will streamline implementation and speed up response times across company segments in the event of a security breach or other cyber incident. A flexible approach, rather than one-size-fits-all rules will protect New York citizens and financial institutions from the risks associated with cybercrime, while limited the compliance burden.

We encourage DFS to keep these principles in mind as it reviews comments submitted throughout this process and look forward to submitting our own substantive comments during the formal comment period. Thank you in advance for your consideration of our

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<sup>1</sup> Founded in 1916, the American Financial Services Association (AFSA), based in Washington, D.C., is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.

comments. If you have any questions or would like to discuss it further, please do not hesitate to contact me at [mkownacki@afsamail.org](mailto:mkownacki@afsamail.org) or at (202) 469-3181.

Sincerely,

A handwritten signature in blue ink that reads "Matthew Kownacki". The signature is written in a cursive style with a small dot at the end.

Matthew Kownacki  
Director, State Research and Policy  
American Financial Services Association