

Congress of the United States

Washington, DC 20515

October 19, 2022

The Honorable Lina M. Khan
Chair
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Dear Chair Khan:

We write to express our concern regarding the current effective date of the Federal Trade Commission's (FTC) Standards for Safeguarding Customer Information (safeguards rule) and its regulatory impact on small entities. While we appreciate the FTC's work to ensure the protection, security, and privacy of consumer data and personal information in the financial marketplace, we believe it is essential for regulations and policies to keep pace with how Americans interact with small financial institutions and automotive dealers to enable customers to securely complete purchases available to them.

As you know, the FTC's safeguards rule becomes effective this year.¹ While we believe this rule makes important strides toward protecting consumer data, it is our understanding that the rule will require a one size fits all approach across the financial services industry to implement complex cybersecurity compliance programs focused on access controls, authentication, and encryption. Presently, many small and medium size businesses continue to face supply chain distribution issues from COVID-19 as well as workforce challenges and equipment shortages that we are concerned will make it nearly impossible to comply with the rule by the current deadline.² Therefore, we believe the most effective way to address these concerns is for the FTC to extend the effective date of the safeguards rule for one year until December 9, 2023.

This timeline would help small financial institutions and automotive dealers have time to develop, test, implement, and maintain an information security program that is designed to meet the objectives of FTC's safeguards rule. In August, the Small Business Administration Office of Advocacy stated the FTC's safeguards rule "does not provide enough time for the requirements to be implemented correctly."³ Furthermore, the Office of Advocacy requested the FTC extend the effective date of the safeguards rule for one year.⁴

We believe that leveling the playing field for small businesses, such as mortgage lenders, automotive dealers, vehicle finance entities, credit counselors, and other financial advisors, is critical as economic normalcy returns for many communities that struggled with COVID-19, including the need to attain cybersecurity professionals outlined in the safeguards rule. In July, the White House hosted a National Cyber Workforce and Education Summit about building the nation's cyber field and indicated approximately 700,000 cybersecurity positions are open.⁵ As a result, we are concerned that small

¹ FTC, [Standards for Safeguarding Customer Information File Rule](#) (December 9, 2021)

² Fortune Education, [Companies are desperate for cybersecurity workers](#) (June 30, 2022)

³ SBA Office of Advocacy, [Extension Of The Effective Date Of The Federal Trade Commission's Safeguards Rule](#) (August 5, 2022)


⁴ *Id.*

⁵ The White House, [FACT SHEET: National Cyber Workforce and Education Summit](#) (July 21, 2022)

businesses may have difficulty competing with larger companies for the same highly skilled workforce in the near term.

Ensuring businesses have robust cybersecurity strategies and policies to protect Americans' sensitive consumer data and personal information is more relevant than ever. We appreciate your attention and consideration of this important matter.

Sincerely,



Chrissy Houlahan
Member of Congress



Young Kim
Member of Congress



Ann McLane Kuster
Member of Congress



Andrew R. Garbarino
Member of Congress



Tom O'Halleran
Member of Congress



Scott H. Peters
Member of Congress