



House of Representatives

General Assembly

File No. 38

February Session, 2002

Substitute House Bill No. 5423

House of Representatives, March 15, 2002

The Committee on Banks reported through REP. DOYLE of the 28th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING BANK PARITY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-44 of the general statutes, as amended by
2 section 3 of public act 01-72 and section 103 of public act 01-9 of the
3 June special session, is repealed and the following is substituted in lieu
4 thereof (*Effective October 1, 2002*):

5 No provision of sections 36a-41 to 36a-45, inclusive, as amended,
6 shall be construed to prohibit: (1) The preparation, examination,
7 handling or maintenance of any financial records by any officer,
8 employee or agent of a financial institution having custody of such
9 records or the examination of such records by a certified public
10 accountant engaged by the financial institution to perform an
11 independent audit; (2) the examination of any financial records by, or
12 the furnishing of financial records by a financial institution to any
13 official, employee or agent of a supervisory agency solely for use in the
14 exercise of the duties of such official, employee or agent; (3) the

15 publication of data furnished from financial records relating to
16 customers where such data does not contain information identifying
17 any particular customer or account; (4) the making of reports or
18 returns required under the Internal Revenue Code of 1986, or any
19 subsequent corresponding internal revenue code of the United States,
20 as from time to time amended; (5) disclosure of information permitted
21 under the Uniform Commercial Code concerning the dishonor of any
22 negotiable instrument; (6) the exchange, in the regular course of
23 business, of credit information between a financial institution and
24 other financial institutions or commercial enterprises, directly or
25 through a consumer reporting agency; (7) disclosures to appropriate
26 officials of federal, state or local governments upon suspected
27 violations of the criminal law; (8) disclosures pursuant to a search
28 warrant issued by a judge of the Superior Court or a judge trial referee
29 under the provisions of section 54-33a, as amended; (9) disclosures
30 concerning lawyers' clients' funds accounts made to the state-wide
31 grievance committee pursuant to any rule adopted by the judges of the
32 Superior Court; (10) disclosures to the purported payee or to any
33 purported holder of a check, draft, money order or other item, whether
34 or not such check, draft, money order or other item has been accepted
35 by such payee or holder as payment, or to any financial institution
36 purportedly involved in the collection process of a check, draft, money
37 order or other item whether such check, draft, money order or other
38 item would be paid if presented at the time of such disclosure; (11) any
39 disclosure made in connection with a financial institution's attempts to
40 preserve its rights or determine its liabilities with regard to any funds
41 transfer or any check, draft, money order or other item drawn by or
42 upon it or handled by it for collection or otherwise; (12) the transfer of
43 information from a Connecticut credit union to a shared service center
44 and the personnel of such shared service center which takes place
45 when a member of such Connecticut credit union uses a shared service
46 center to effect a transaction with such Connecticut credit union; (13)
47 any other disclosure required under applicable state or federal law or
48 authorized to be made to any regulatory or law enforcement agency
49 under applicable state or federal law; (14) disclosures made to an

50 affiliate in compliance with Section 603(d)(2)(A)(iii) of the Fair Credit
 51 Reporting Act, 15 USC 1681 et seq., as from time to time amended; and
 52 (15) disclosures made in compliance with Section 502(b)(2) of the
 53 Gramm-Leach-Bliley Financial Modernization Act of 1999, 15 USC
 54 6802(b)(2), and the regulations promulgated thereunder, as from time
 55 to time amended, to a broker-dealer registered in this state or to an
 56 investment advisor registered in this state or that has filed a notice of
 57 exemption pursuant to subsection (e) of section 36b-6.

This act shall take effect as follows:	
Section 1	October 1, 2002

BA *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill concerns the disclosure of financial information and does not have a fiscal impact on the Department of Banking.

OLR Bill Analysis

sHB 5423

AN ACT CONCERNING BANK PARITY**SUMMARY:**

This bill allows (1) affiliates to share information in compliance with the federal Fair Credit Reporting Act and (2) financial institutions to disclose information to a Connecticut broker-dealer or investment adviser in compliance with the federal Gramm-Leach-Bliley Financial Modernization Act of 1999. It adds them to the disclosures that the financial record disclosure laws permit.

EFFECTIVE DATE: October 1, 2002

BACKGROUND***Fair Credit Reporting Act***

The federal Fair Credit Reporting Act's definition of a consumer report excludes several types of communications. By applying the federal act's provisions to Connecticut financial disclosures, the bill allows people related by common ownership or affiliated by corporate control to communicate information to each other as long as they (1) clearly and conspicuously disclose to the consumer that they may do so and (2) give the customer an opportunity to object before they begin to communicate the information (15 USC 1681a(d)(2)(A)(iii)).

Gramm-Leach-Bliley Financial Modernization Act of 1999

The federal Gramm-Leach-Bliley Act prohibits financial institutions from disclosing a consumer's nonpublic personal information to a nonaffiliated third party unless (1) the financial institution clearly and conspicuously discloses to the consumer that the information may be shared, (2) the consumer is given an opportunity to "opt out" before the information is shared, and (3) the consumer receives an explanation of how to exercise his right to opt out (15 USC 6802(b)(2)). The bill enacts the Gramm-Leach-Bliley Act's exception to the opt-out provision. It allows financial institutions to disclose a consumer's nonpublic personal information to a nonaffiliated third party to

perform services or functions on the institution's behalf as long as the institution (1) fully discloses that it is sharing the information and (2) enters into a contract with the third party requiring that party to maintain the confidentiality of the information.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 16 Nay 1