THE STA
SECURITIES TRANSFER ASSOCIATION, INC.
Established 1911

May 9, 2008

Nancy M. Morris, Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

RE: Securities and Exchange Commission Release No. 34-57427 File No. S7-06-08, Proposed Amendments to Regulation S-P; Privacy of Consumer Financial Information and Safeguarding Personal Information

Dear Ms. Morris:

The Securities Transfer Association ("STA") appreciates the opportunity to comment on the proposed amendments to Regulation S-P. The STA is an industry trade association for transfer agents. Founded in 1911, the STA represents more than 150 commercial stock transfer agents within the United States, including corporate and mutual fund transfer agents. Collectively, STA members serve as transfer agents for more than 15,000 publically traded corporations, aggregating more than 100,000,000 shareholders.

The STA is supportive of the Commission's efforts to improve information security and to diminish the incidence of information security breaches. We agree with the proposed amendments to Regulation S-P to the extent they are consistent with the information safeguarding guidelines and rules already adopted by the banking agencies and the Federal Trade Commission. In general, we do not believe requirements beyond these are warranted for transfer agents.

The STA would like to comment on certain of the proposed amendments and provide responses to certain of the questions asked by the Commission, all as set forth below.

Revised Safeguarding Policies and Procedures

The STA agrees with the proposed information security program requirements. These requirements are clearly defined, yet broad

enough to give flexibility to organizations in developing their own program to address information security. Transfer agent organizations should be able to take a risk based approach and set up specific policies and procedures based on their own unique business model and set of circumstances. For this reason, we do not believe that additional imposed standards, beyond those proposed, are necessary or desirable and have concerns about the imposition of specific safeguards.

The Commission requests comment on whether certain particular safeguards should be required, such as multifactor authentication, or layered security for high risk transactions involving access to customer information or movement to third parties. Similarly, it has asked for comment on whether covered institutions' security programs should include specific required procedures for "red flag" elements, such as criteria for opening accounts, evaluation of change of address activity, etc. The STA does not believe the Commission should require specific procedures or security measures to address these types of transactions. The STA believes that transfer agents should have the ability to perform their own risk assessments and determine the appropriate levels of authentication or other controls as part of its information security program, based on the risks presented, costs involved, etc.

Third Party Service Providers

The STA generally agrees with the concept of oversight of service providers, in that the transfer agent needs to assure itself that any company it engages will properly safeguard records entrusted to it. We also would have no objection to the issuance of guidelines concerning evaluating third party providers. The STA would have concerns about any specific requirements to obtain outside evaluations of third party service providers, such as a SAS 70, as these are not always available based on the considerable expense associated with obtaining them.

Data Security Breach Response

The Commission has requested comment on the proposed provisions regarding procedures for notifying the Commission of incidents of security breaches. The STA does not object to notification as proposed, but has concerns about several of the specific requirements.

The proposal requires transfer agents to "take appropriate steps to contain and control the incident … and maintain a written record of the steps you take" and "conduct a reasonable investigation, determine the likelihood that the information has been or will be misused, and maintain a written record of your determination." The STA objects to these requirements to maintain such records in writing, as they create the risk of a forced waiver of both the attorney-client and work-product privileges. These determinations will likely be the result of discussions among management of the transfer agent as well as its privacy officer and legal counsel. Any discussions with legal counsel would be privileged communications and documentation generated may involve attorney work-product. The STA notes that the banking guidelines do not require that a record of these determinations be maintained in writing, and believes the provisions of Regulation S-P should be consistent with the guidelines.

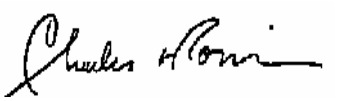
The Commission has requested comments on proposed Form SP-30. The STA objects to the questions in number 11 related to loss and recovery information. This information will not likely be available at the time the form is filed, as it is to be filed "as soon as possible." In fact, this information may never be available, as agents may never know if the disclosure of personal information leads to a loss by the shareholder at some later point in time. It would also be burdensome for agents to collect and track this data, especially in the event of a breach of information involving a large number of shareholders. We further note this information is not required by the banking guidelines. Although the form indicates the information in question 11 is to be provided "to the extent known", the STA believes this will almost always be left blank for the reasons noted above, and therefore recommend that this question be deleted from the form.

The STA also wishes to comment on the proposed requirements for notifying individuals of incidents of unauthorized use or access. Transfer agents are not owners of the personal data of shareholders and the shareholders are not customers of the agents. State law generally requires entities that do not own personal data to notify the owner of such personal data (in this case, the issuer); the issuer then would be required to notify affected individuals. The proposed notification requirements are inconsistent with these provisions of state law. This could result in a shareholder receiving two notices of the same breach, leading to confusion, inefficiency and unnecessary expense.

The STA understands the need to notify shareholders and agrees with the Commission that shareholders should be notified. We recommend, however, that there be an exception to notification by the transfer agent if the issuer is notifying the shareholder or if the transfer agent and issuer provide joint notification. As a practical matter, transfer agents will work with their issuer clients in the event of a security breach incident to develop and send the required notification to shareholders. The rule should include the flexibility to provide the notification in the most efficient manner in coordination with the issuer, who is the real owner of the data and the entity having the direct relationship with the shareholder.

In conclusion, the STA is supportive of the Commission's efforts to improve information security and to diminish and address information security breach incidents. However, we believe a number of the proposed changes should be aligned with banking guidelines and regulations and state law to ensure a consistent approach to and handling of information security. We thank you for the opportunity to comment and provide input on these proposed changes.

Sincerely,



Charles V. Rossi
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