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BANK ONE.

May 3, 2002

Regulations and Legislation Division
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552

Attn: Study on GLBA Information Sharing

Re: Comments on the GLBA Information Sharing Study

Gentlemen/Ladies:

Bank One Corporation ("Bank One") is a multi-bank holding company headquartered in Chicago, Illinois, with offices located in Arizona, Colorado, Delaware, Illinois, Indiana, Florida, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Texas, Utah, West Virginia and Wisconsin. Bank One has several subsidiaries that are national banks, including Bank One, N.A., headquartered in Chicago, Illinois, and First USA Bank, N.A., the largest VISA issuer in the United States, headquartered in Wilmington, Delaware. Bank One also operates numerous non-bank subsidiaries that engage in credit card and merchant processing, consumer finance, mortgage banking, insurance, trust and investment management, brokerage, investment and merchant banking, venture capital, equipment leasing and data processing.

Bank One appreciates the opportunity to comment to the Treasury Department, the federal functional regulatory agencies and the Federal Trade Commission, in connection with the study on information sharing practices among financial institutions and their affiliates, as required by the Gramm-Leach-Bliley Act of 1999 (the "GLB Act").

Bank One submits the following two-part response to the Treasury Department. The first part is this letter - a brief executive summary of the points that Bank One considers to be most important in this analysis. The second part contains our specific responses to the questions presented in the Treasury Department's request for comments.

Consumers Expect Services that Require Affiliate Sharing.

Holding companies often brand their products and services so that consumers will understand that the holding company stands behind all similarly branded products and services. In selecting a bank or financial firm, consumers neither understand nor care that the various holding company activities are actually conducted in affiliated companies, instead of in a single company. Typically, consumers expect that the branded entities are part of a single entity or, to the extent that they are separate, that they operate jointly. Consumers have come to expect the customer service benefits of information sharing among affiliates, including streamlined product applications, a better understanding of their financial needs, and faster customer service and problem resolution. In addition, the sharing of customer information allows banks to offer lower-cost products to a larger number of consumers, because increased information allows banks to more accurately assess the risks associated with these products. Information sharing has permitted accessible and affordable credit for many historically underserved populations.

The Sharing of Information among Affiliates is Beneficial to Financial Institutions and Consumers.

Cross-selling is the key to increased profitability for most banks. The incidental cost is small to supply a new financial product to a customer with whom the bank already does business. Economies of scale and improved customer satisfaction result from cross-selling products. Information sharing among affiliates has also been of tremendous benefit in fighting fraud and identity theft, as well as in discovering money laundering and complying with requirements of the USA Patriot Act.

Over the past ten years, financial institutions have made tremendous investments in systems designed to enable financial institutions and their affiliates to address customers on a holding company-wide basis and identify them on the basis of their overall financial profiles, rather than an incomplete and perhaps distorted view from the individual institution within the holding company with which the customer relationship is established. The sharing of information among affiliates enables the various affiliates to appropriately identify products or services that may meet the customer's needs and in which the customer may be interested, and allow the customer to access these products and services through a single point of contact.

In order to sustain and maximize these benefits, it is critical that all customer information be fully available within the holding company structure on a uniform and consistent basis.

Financial Institutions Need Uniform National Standards for Information Sharing.

We believe that a uniform national privacy standard should be made a part of the GLB Act, as it has been for the last seven years under the Fair Credit Reporting Act (the "FCRA"). We recognize that such uniformity is set to expire under the FCRA, but we endorse extending the pre-emption of state law under FCRA. There is no question that multiple, additional state restrictions will be chaotic for both consumers and financial institutions. The uniform system has worked well under the FCRA and should be embraced for the GLB Act.

Without federal preemption, it will be difficult to operate national programs due to the operational problems institutions will face in light of inconsistent state requirements. The banking industry has already experienced these difficulties in the effort to comply with the recent information sharing regulations issued by the State of Vermont, which require a unique disclosure for Vermont residents and significant systems changes to accommodate the different information sharing requirements. The difficulties created by this Vermont regulation will be further aggravated if more states adopt different rules addressing information sharing. Banks may choose not to offer products in certain states because of the cost of complying with a state's separate information sharing requirements, thus reducing competition within that state.

Absent federal preemption, this problem is likely to get worse as additional states adopt state-specific requirements. Accordingly, we strongly urge the Secretary to recommend that the Congress: 1) retain the preemption provisions contained in the current FCRA; and 2) extend the preemption provisions to the GLB Act.

The Value of the Free Flow of Information

In weighing the issues of consumer privacy against the information sharing needs of financial institutions, we urge you to distinguish between concerns about marketing practices and the free flow of information. During consideration of the GLB Act and thereafter during the promulgation of regulations, there were calls to establish restrictions on marketing practices. The agencies rightly noted that the GLB Act did not speak to marketing practices and that such practices were beyond the scope of the law. We remain concerned that those who continue to criticize the GLB Act are more interested in marketing practices. These critics seek to limit marketing by inappropriately calling for additional restrictions on the free flow of information. We trust that your Study will conclude that there would be many unintended consequences that would be harmful to consumers if additional restrictions are placed on the free flow of information. If the agencies wish to study marketing practices, we suggest that such a study be conducted independently from this present undertaking.

We note that many states are adopting different standards for telemarketing practices, which, along with the federal telemarketing requirements under the Telephone Consumer Protection Act and the FTC Telemarketing Sales Rule, cause significant consumer confusion and serious compliance problems for multi-state financial institutions. While we support one national "do not call" list which would provide one source for consumers to opt out of telemarketing and one set of rules for banks to implement, we do not believe telemarketing falls within the scope of this Study.

RESPONSES TO TREASURY QUESTIONS

1. PURPOSES FOR THE SHARING OF CONFIDENTIAL CUSTOMER INFORMATION WITH AFFILIATES OR WITH NON-AFFILIATED THIRD PARTIES:

a. What types of information do financial institutions share with affiliates?

b. What types of information do financial institutions share with non-affiliated third parties?

c. Do financial institutions share different types of information with affiliates than with non-affiliated third parties? If so, please explain the differences in the types of information shared with affiliates and with non-affiliated third parties?

d. For what purposes do financial institutions share information with affiliates?

e. For what purposes do financial institutions share information with non-affiliated third parties?

Financial institutions share a significant amount of information with their affiliates in order to provide service to customers, to prevent fraud, money laundering or suspected terrorist activities or to provide opportunities to customers to purchase additional products and services that may fit their needs. Financial institutions share information in order to offer customers bundled products, which often can provide a cost savings for consumers, such as discounts on loans paid through automated electronic intrabank debits from checking accounts.

Financial institutions should be able to share with their affiliates almost any of the information that they have compiled about their customers, including the types of financial products they have purchased, balance levels, and payment or transaction history. The sharing of non-experience credit information among affiliates is currently subject to an opt-out under the FCRA.

Customer information has substantial commercial value. When information is shared within a holding company structure, it can be shared free of competitive concerns. This freedom enables affiliates to determine whether there are opportunities to serve customers better and promotes product innovation and development.

Financial institutions also share customer information with non-affiliated third parties for many purposes. Financial institutions outsource many of their servicing and processing functions to non-affiliated third parties, such as printers, mail shops, loan processors, software vendors, temporary employees, consultants, marketing agencies and other third party service providers. In addition, financial institutions share with third parties as permitted by the exceptions under the GLB Act, including sharing with auditors, legal counsel, regulators and credit reporting agencies.

Because customer information has great commercial value, the market works to ensure information is closely held and only shared in limited and protected ways. Financial institutions generally provide only name and contact information when sharing information with third parties for marketing purposes, and these arrangements are subject to written contractual requirements that the information be used only for specified purposes.

Some financial institutions that do not have specialized affiliates enter into joint marketing arrangements with other financial institutions for the purpose of jointly offering financial products or services. For example, a bank that does have an insurance affiliate may enter into an arrangement with an insurance company to offer insurance products to the bank's customers. Such arrangements allow institutions to offer their customers the advantages of the broader product mix of a larger affiliated holding company. As an example, Bank One issues credit cards on behalf of more than 500 financial institutions, enabling those institutions to offer a credit card to their own customers as a part of their product mix.

f. What, if any, limits do financial institutions voluntarily place on the sharing of information with their affiliates and non-affiliated third parties? Please explain.

Financial institutions have always limited the type and amount of information that they share with non-affiliated third parties, because of the concerns for customer privacy and because the information has competitive value to the financial institution. In addition, many institutions have voluntarily adopted limitations on the sharing of information with non-affiliated third parties, depending upon the nature of the business, current data base design, the services or products being offered to consumers, or because they believe that their customers would prefer that information not be shared. For example, Bank One and many other financial institutions restrict the independent use or redisclosure of information in contracts governing the sharing of information with non-affiliated third parties.

The development of the Internet and the ability of companies to maintain and process computer data bases of customer information have added to consumer concerns about privacy over the last few years. Customers with concerns about privacy and information sharing practices will not do business with financial institutions that do not have responsible information management practices and do not strictly safeguard customer information. Financial institutions will lose customers unless they recognize these consumer concerns and preferences. These marketplace pressures serve to encourage financial institutions to carefully consider and limit their information sharing practices.

g. What, if any, operational limitations prevent or inhibit financial institutions from sharing information with affiliates and non-affiliated third parties? Please explain.

Because customer information is so critical in the financial services industry, financial institutions are investing significant resources to develop customer data bases. The lack of data base infrastructure within institutions and across affiliate lines is the primary operational limitation that inhibits information sharing. It is difficult for financial institutions to plan for future investments in data base architecture in the current environment of uncertainty about new legal and regulatory limitations on information sharing. To the extent that the sharing of information continues to be permitted among holding company affiliates, holding companies will tend to develop highly efficient, centralized data bases that will provide the highest quality of financial services to their customers, reduces costs and aids institutions in identifying money launderers and terrorists.

h. For what other purpose would financial institutions like to share information but currently do not? What benefits would financial institutions derive from sharing information for those purposes? What currently prevents or inhibits such sharing of information?

If financial institutions could freely share among affiliates all of the information they possess about customers, they would be better positioned to anticipate their customers' desires and needs, be able to invent more hybrid products to meet those needs and offer them in new ways while continuing to protect themselves and their customers from fraud or excessive risk. Rules that limit information sharing prevent institutions from realizing, and consumers from benefiting from, the commercial value of this information.

2. THE EXTENT AND ADEQUACY OF SECURITY PROTECTIONS FOR SUCH INFORMATION:

a. Describe the kinds of safeguards that financial institutions have in place to protect the security of information. Please consider administrative, technical, and physical protections, as well as the protections that financial institutions impose on their third-party service providers.

Administrative protections include extensive knowledge of employees that have access to sensitive information, requiring dual access keys to information so that more than one employee is necessary to gain access to information, and conditioning customer internet access to accounts on the customer's use of appropriate computer technology with built-in security protections. Financial institutions have built extensive administrative protections into their data bases and systems.

Technical protections include encryption of information, firewalls, employing outsiders to "break into" systems to determine vulnerabilities, specialized tools to authenticate access to systems such as the use of a personal identification number, and many more routine kinds of protection.

Physical protections include building security, internal audits and external audits for public consumption, including audits by federal regulators.

Financial institutions are required under 12 CFR 30, Appendix B, to develop information security procedures and to apply them to all service providers that receive or have access to nonpublic personal information. Service providers utilize many of the protections described above to maintain the security of this data, as required by their financial institution clients.

b. To what extent are the safeguards described above required under existing law, such as the GLB Act (*see, e.g., 12 CFR 30, Appendix B*)?

Section 501 of the GLB Act as implemented in 12 C.F.R. 30, provides flexibility for financial institutions to develop an information security program appropriate for their security needs. This approach is appropriate, given the vast difference in size and security risk among financial institutions.

c. Do existing statutory and regulatory requirements protect information adequately? Please explain why or why not.

Financial institutions have historically recognized that personal information about consumers should be protected, both because of its commercial value and because of concerns by customers about the security of information, and consequently have developed strong, internal safeguards to promote the security of customer information. Bank One believes that the existing statutory and regulatory requirements are adequate and build upon the information security standards long maintained by institutions. In addition, the guidelines adopted by the federal banking agencies establish a framework focusing on the process that financial institutions should follow in designing and implementing an information security program, without attempting to specify in detail how a financial institution should structure its information security program. This approach provides appropriate guidance to financial institutions, without curtailing the flexibility of financial institutions in developing and implementing information security programs that best fit their particular needs. In addition, institutions are examined on their compliance with these security guidelines.

d. What, if any, new or revised statutory or regulatory protections would be useful? Please explain.

It is important to maintain flexible standards for information security, because the technology is changing so rapidly. We endorse the approach taken in the Information Security Guidelines (12

C.F.R. 30), which allows each financial institution to develop its own appropriate information security policy. We urge that it not be altered.

3. THE POTENTIAL RISKS FOR CUSTOMER PRIVACY OF SUCH SHARING OF INFORMATION:

a. What, if any, potential privacy risks does a customer face when a financial institution shares the customer's information with an affiliate?

The potential consumer privacy risk is minimal when a financial institution shares information with an affiliate, because affiliates have a common interest in promoting customer satisfaction and common standards for protecting customer information. Many holding companies have established company-wide privacy offices in part to ensure consistent treatment of consumer information across the holding company. Consumers doing business with a holding company generally view themselves as a customer of the entire company and do not distinguish between the affiliates of the holding company. As a result, consumers are generally not concerned about information sharing among the affiliates of the company, because they correctly perceive that the standards, practices and customer commitment are the same throughout the holding company.

b. What, if any, potential privacy risks does a customer face when a financial institution shares the customer's information with a non-affiliated third party?

A non-affiliated third party may be more likely to have different security standards and policies, thus leading to a higher degree of risk for consumers. This risk is addressed by contractual requirements to limit the further sharing of consumer information and to set forth appropriate information security standards for the third party, as required under the GLB Act.

A customer's privacy risk also depends upon the extent to which the financial institution has met the customer's expectations about the use of the information that it possesses about him. When a financial institution shares customer information with non-affiliated third parties in a manner consistent with its privacy policy notice, those expectations are met. The notice informs consumers about the institution's information sharing practices with non-affiliated third parties, and the opportunity to opt out provided under the GLB Act allows consumers the ability to control the extent of information sharing with third parties.

c. What, if any, potential risk to privacy does a customer face when an affiliate shares information obtained from another affiliate with a non-affiliated third party?

We do not believe there are increased privacy risks to customers when an affiliate shares information obtained from another affiliate with a non-affiliated third party, other than the normal risks of third party information sharing described in 3.b. above.

4. THE POTENTIAL BENEFITS FOR FINANCIAL INSTITUTIONS AND AFFILIATES OF SUCH SHARING OF INFORMATION (SPECIFIC EXAMPLES, MEANS OF ASSESSMENT, OR EVIDENCE OF BENEFITS WOULD BE USEFUL):

a. In what ways do financial institutions benefit from sharing information with affiliates?

Cross-selling is the key to increased profitability for most banks. The incidental cost is small to supply a new financial product to a customer with whom the bank already does business. Economies of scale and improved customer satisfaction result from cross-selling products. Information sharing among affiliates has also been of tremendous benefit in fighting fraud and identity theft, as well as in discovering money laundering and identifying potential terrorist assets.

Over the past ten years, financial institutions have made tremendous investments in systems designed to enable financial institutions and their affiliates to address customers on a holding company-wide basis and identify them on the basis of their overall financial profiles, rather than an incomplete and perhaps distorted view from the individual institution within the holding company with which the customer relationship is established. The sharing of information among affiliates enables the various affiliates to appropriately identify products or services that may meet the customer's needs and in which the customer may be interested, and allow the customer to access these products and services through a single point of contact.

In order to sustain and maximize these benefits, it is critical that all customer information be fully available within the holding company structure on a uniform and consistent basis.

b. In what ways do financial institutions benefit from sharing information with non-affiliated third parties?

Financial institutions achieve significant benefits from outsourcing many of their basic business operations to third parties. Such outsourcing can reduce costs and provide greater efficiency, thus allowing financial institutions to offer products and services at lower prices. In addition, the sharing of information with third parties allows a financial institution to better control risk and combat fraud, through credit reporting agencies, reports on fraudulent deposit account activities and other data sharing arrangements. In this regard, federal authorities have long understood the potential benefits of information sharing with regard to fraud and other law enforcement activities.

Financial institutions also share information with non-affiliated third parties in order to provide products and services to their customers that the financial institutions cannot provide themselves or that they cannot provide efficiently.

c. In what ways do affiliates benefit when financial institutions share information with them?

See discussion in 4.a. above.

d. In what ways do affiliates benefit from sharing information that they obtain from other affiliates with non-affiliated third parties?

See discussion in 4.a. above.

e. What effects would further limitations on such sharing of information have on financial institutions and affiliates?

Further limitations on the sharing of information would reduce the efficiencies and other benefits identified above. Institutions that rely on affiliates or third parties to help to deliver a broad range of products and services would suffer in the competitive marketplace. Restrictions on the sharing of information between affiliates would encourage financial services holding companies to consolidate and transfer as many activities as possible inside a single institution, generally the bank. Further limitations on information sharing may also affect the industry's ability to detect incidents of fraud and identify theft, money laundering and potential terrorist assets. Impediments to the free flow of information may cause the quality of information obtained from external sources such as credit reporting agencies to deteriorate, which may affect the availability and cost of credit. For example, limiting the information that may be shared with credit reporting agencies and increasing the risks of reporting inaccurate information would have a chilling effect on the willingness of banks to report credit information, and thus the availability of such information.

5. THE POTENTIAL BENEFITS FOR CUSTOMERS OF SUCH SHARING OF INFORMATION (SPECIFIC EXAMPLES, MEANS OF ASSESSMENT, OR EVIDENCE OF BENEFITS WOULD BE USEFUL):

a. In what ways does a customer benefit from the sharing of such information by a financial institution with its affiliates?

b. In what ways does a customer benefit from the sharing of such information by a financial institution with non-affiliated third parties?

c. In what ways does a customer benefit when affiliates share information they obtained from other affiliates with non-affiliated third parties?

Information sharing in the credit granting process increases the availability of credit to the market in general and reduces the cost of credit to the customer, by allowing lenders to more accurately assess the risks associated with granting credit. In addition, information sharing allows consumer credit decisions to be made very quickly.

Customers of financial institutions obtain significant benefits from information sharing, including increased convenience, personalized service, and real savings of time and money. Financial institutions are more efficient when they outsource operations to third parties, enabling them to offer lower-priced products. Customers save time through the use of call centers, internet based services, third party services, and pre-filled applications, all of which are made available through information sharing. Relationship pricing and bundled products provide significant savings of time and money for customers and allow financial institutions to provide lower prices for customers with multiple relationships spanning different affiliates or third parties.

Information sharing also helps reduce incidents of fraud and identity theft. Customers benefit by avoiding the problems arising from identity theft, and because the costs of products can be reduced when the financial institution reduces its losses arising from fraudulent activities.

d. What, if any, alternatives are there to achieve the same or similar benefits for customers without such sharing of information?

It is impossible to replicate the benefits that are derived from the flow of information among affiliates. Financial institutions can provide some of the benefits that otherwise are achieved by sharing customer information with affiliated and non-affiliated third parties if the financial institution brings the marketing of third-party products in-house. The benefits of this alternative are limited, however, because the financial institution may not be able to provide these products or services as efficiently as if the products were provided directly by third parties.

e. What effects, positive or negative, would further limitations on the sharing of such information have on customers?

Increased limits on sharing consumer information with affiliates and non-affiliated third parties would reduce the many benefits of sharing among these parties discussed above.

6. THE ADEQUACY OF EXISTING LAWS TO PROTECT CUSTOMER PRIVACY:

a. Do existing privacy laws, such as GLB Act privacy regulations and the Fair Credit Reporting Act (FCRA), adequately protect the privacy of a customer's information?

The existing federal laws related to information sharing adequately protect the privacy of customer information. Under the GLB Act and the FCRA, institutions are required to notify customers of how information will be shared and to provide customers the opportunity to opt out of the sharing of information beyond the exceptions established under these laws. This process allows a customer to choose to do business with a financial institution that uses information in accordance with the customer's own expectations. Also, the GLB Act and the Information Sharing Guidelines issued thereunder require institutions to establish procedures to protect the security and confidentiality of customer information, whether the information is held by the financial institution or by its outside vendors.

State laws with different requirements for information sharing and different levels of protection reduce the benefits of information sharing by causing confusion among customers about the applicable legal standards and creating compliance difficulties for financial institutions, resulting in increased costs and reduced benefits for customers.

b. What, if any, new or revised statutory or regulatory protections would be useful to protect customer privacy? Please explain.

We believe that a uniform national privacy standard should be made a permanent part of the GLB Act, as it has been for the last seven years under the FCRA. We recognize that such uniformity is set to expire under the FCRA, but we endorse extending the pre-emption of state law under FCRA. There is no question that multiple, additional state restrictions will be chaotic for both consumers and financial institutions. A uniform system has worked well under the FCRA and should be embraced for the GLB Act.

Without federal preemption, it will be difficult to operate national programs due to the operational problems institutions will face in light of inconsistent state requirements. The banking industry has already experienced these difficulties in the effort to comply with the recent information sharing regulations issued by the State of Vermont, which require a unique disclosure for Vermont residents and significant systems changes to accommodate the different information sharing requirements. The difficulties created by this Vermont regulation will be further aggravated if more states adopt different rules addressing information sharing. Banks may choose not to offer products in certain states because of the cost of complying with that state's separate information sharing requirements, thus reducing competition within the state.

Absent federal preemption, this problem is likely to get worse as additional states adopt state-specific requirements. Accordingly, we strongly urge the Secretary to recommend that the Congress: 1) retain the preemption provisions contained in the current FCRA and 2) extend the preemption provisions to the GLB Act.

7. THE ADEQUACY OF FINANCIAL INSTITUTION PRIVACY POLICY AND PRIVACY RIGHTS DISCLOSURE UNDER EXISTING LAW:

a. Have financial institution privacy notices been adequate in light of existing requirements? Please explain why or why not.

The regulations adopted by the federal regulatory agencies under the GLB Act provided examples and sample clauses in an effort to circumscribe the information and level of detail included in privacy notices. Many institutions provided privacy policies that utilized these sample clauses. While such policies were fully consistent with the regulatory requirements, many of these policies have been criticized as excessively detailed and confusing to consumers. Unfortunately, these detailed privacy notices are required in order to fully comply with the GLB Act and FCRA.

b. What, if any, new or revised requirements would improve how financial institutions describe their privacy policies and practices and inform customers about their privacy rights? Please explain how any of these new or revised requirements would improve financial institutions' notices.

Simplified notice requirements would improve consumers' understanding of information sharing practices, and the choices that are available to consumers. A simple notice that a financial institution shares information with non-affiliated third parties for marketing purposes and that provides a consumer a reasonable opportunity to opt out would be more understandable to consumers and would provide the necessary level of detail for consumers to make an informed choice. These notices could be supplemented with more complete privacy policies available on request from financial institutions. Bank One has been a strong proponent of "plain English" disclosures and believes that understandable privacy notices are critically important.

8. THE FEASIBILITY OF DIFFERENT APPROACHES, INCLUDING OPT OUT AND OPT IN, TO PERMIT CUSTOMERS TO DIRECT THAT SUCH INFORMATION NOT BE SHARED WITH AFFILIATES AND NON-AFFILIATED THIRD PARTIES:

a. Is it feasible to require financial institutions to obtain customers' consent (opt in) before sharing information with affiliates in some or all circumstances? With non-affiliated third parties? Please explain what

effects, both positive and negative, such a requirement would have on financial institutions and on consumers.

An opt in is the functional equivalent of a prohibition on information sharing, because financial institutions must treat the lack of response as though the consumer does not want his or her information shared. Despite the efforts of the financial industry to educate consumers about the benefits of information sharing, it is unlikely that a significant number of consumers will make the effort to affirmatively opt in to information sharing. Therefore, many of the benefits of information sharing would be lost.

b. Under what circumstances would it be appropriate to permit, but not require, financial institutions to obtain customers' consent (opt in) before sharing information with affiliates as an alternative to a required opt out in some or all circumstances? With non-affiliated third parties? What effects, both positive and negative, would such a voluntary opt in have on customers and on financial institutions?

Under the GLB Act and the regulations issued thereunder, financial institutions are permitted to share information with non-affiliated third parties when the consumer has consented to such sharing, as an alternative to a required opt out. We believe that this approach is necessary. Customers want to be able to authorize the release of information under many circumstances, including credit references, authorization to present a loan application to another lender if the consumer does not qualify for the initial product, verification to a merchant of availability in a checking account to cover a check, or an introduction to a third party in connection with a product that may be appropriate for the consumer. The ability to release information with the customer's consent is important for the day-to-day operations of the banking industry and to service the needs of customers.

c. Is it feasible to require financial institutions to permit customers to opt out generally of having their information shared with affiliates? Please explain what effects, both positive and negative, such a requirement would have on consumers and on financial institutions?

If financial institutions are required to allow consumers to opt out of having all information about them shared with affiliates, the many benefits of information sharing among affiliates set forth in our response to question 5 above would be lost. These benefits include improved levels of service, increased convenience through internet based services and call centers, the availability of bundled products and relationship pricing, and lower cost products and increased availability due to better risk assessment by financial institutions. In addition, a general opt out for the sharing of all information among affiliates may seriously affect programs designed to detect fraud and identity theft. In order to maximize the benefits of information sharing, it is critical that information about customers of financial institutions be fully available among affiliates. Finally, customers would not be able to make opt out choices without extensive study of the corporate infrastructure supporting the financial brand.

d. What, if any, other methods would permit customers to direct that information not be shared with affiliates or non-affiliated third parties? Please explain their benefits and drawbacks for customers and for financial institutions of each method identified.

It is not feasible to permit individual customers to specifically direct how their financial institutions share information about them. Implementing such directions would be costly and inefficient because each individual's information would have to be separately handled in accordance with that individual's instructions. Opt in and opt out programs are the only methods of customer direction that can be tracked and implemented in the data bases currently used by financial institutions.

9. THE FEASIBILITY OF RESTRICTING SHARING OF SUCH INFORMATION FOR SPECIFIC USES OR OF PERMITTING CUSTOMERS TO DIRECT THE USES FOR WHICH SUCH INFORMATION MAY BE SHARED:

a. Describe the circumstances under which or the extent to which customers may be able to restrict the sharing of information by financial institutions for specific uses or to direct the uses for which such information may be shared.

b. What effects, both positive and negative, would such a policy have on financial institutions and on consumers?

In some instances, financial institutions have provided specific options for opting out of the sharing of information. As a general matter, however, it is not practical to tailor information sharing practices to the direction of individual customers. Bank One sends out millions of privacy policies to its customers each year. It would be impossible to track the responses of these customers, other than under an opt in or opt out arrangement.

Bank One appreciates this opportunity to comment on these issues. If you have any questions concerning these comments, please do not hesitate to contact Andrea Beggs at Bank One Corporation, 1 Bank One Plaza, Suite IL1-0573, Chicago, IL 60670, Telephone: 312-732-5345, Fax: 312-732-5144, Email: andrea_beggs@bankone.com.

Very truly yours,

Christine A. Edwards