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American Airlines Federal Credit Union

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May 29, 2007

Mary F. Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

RE: Comments on Proposed Rule Part 716 – Model Form for Privacy Notice

Dear Ms. Rupp:

I am writing on behalf of American Airlines Federal Credit Union (AA Credit Union). AA Credit Union has over \$4 billion in assets, is the ninth largest credit union in the United States and has over 209,000 members. I am writing in response to the request for public comment regarding the proposed rulemaking for a model privacy form issued jointly by the National Credit Union Administration (NCUA) and other agencies under the Gramm-Leach-Bliley Act.

AA Credit Union commends the approach taken by the NCUA and the other agencies in hiring an outside consultant to conduct extensive consumer research on what is useful and understandable to consumers when they receive privacy notices.

The proposed model privacy form is easy to understand and read. It will make it easier for our members to compare the various sharing practices of our credit union with that of other financial institutions. However, we would request that instead of giving a privacy notice only on one side of an 8-1/2" by 11" piece of paper, and requiring that the notice be placed on two separate pieces of paper, that credit unions be allowed to also print page 2 of the privacy notice on the back side of the notice. With the recent increase in postal rates, this would be beneficial to all credit unions in further reducing costs and maximizing benefits to members. Although our current privacy notice is printed on a smaller sheet of paper, we believe that it is easy for our members to read due to the way the notice is formatted.

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We would also request that a credit union be allowed to give the privacy notice with other documents such as with the mailing of a periodic statement or other mailings so long as the privacy notice itself is clear and conspicuous. Again, we do not believe that receiving a privacy notice with other documents in an envelope would be burdensome to our members.

For new members, we also believe that it is useful and easier for our members if the privacy notice were included in an account agreement and disclosure booklet as long as the notice was again clear and conspicuous. With all the disclosures that new members can receive when joining a credit union, we believe that it is more convenient for members to refer to one set of bound documents rather than to receive many separate documents.

We would also request that a credit union be allowed to give other helpful information to members within or with the privacy notice such as how to avoid identity theft or how to get their names removed from marketing lists. We believe that this information is useful to our members.

To the extent that state law requires that other privacy disclosures be given, we would recommend that a credit union have the option of adding that language in the proposed model privacy form. We also believe that it is very important for a member to be told what substantive changes were made to a credit union's privacy practices. Ideally, it would be better for the member to receive notice of these changes in the model privacy form itself versus receiving another document that explains the changes.

On the third recommended page of the privacy form, we would request that a credit union not be required to include this page when giving members a privacy notice, if a credit union does not share information with third parties that would trigger a member's statutory right to opt out of these sharing practices. While credit unions may sometimes allow a member to opt out of receiving a credit union's own marketing materials or to opt out of receiving joint marketing materials, it would be confusing to members if this third page were included with the privacy notice. Members would come to believe that they have a *statutory* right to opt out of receiving these materials and it would place a burden on credit unions to explain why they cannot opt out of this information.

Instead, it might be easier for a credit union that does not trigger a statutory opt out, if on page one of the proposed form, for the statement regarding "joint marketing with other financial companies" and the question of "can you limit this sharing?" that a credit union answer "no." In that way, no third page would be required to be given to all members, and credit unions would have the flexibility of offering these marketing and/or joint marketing opt outs only in extreme cases such as when a member is or has been a victim of identity theft and is thus, very sensitive to receiving any marketing materials. Otherwise if this third

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page is required to be given for non-statutory opt outs, those credit unions that offer this flexibility will be forced to stop offering this flexibility altogether.

It is always very useful and helpful if the NCUA could provide a readily accessible and downloadable model form on its Web site, which credit unions could then use when drafting their privacy notices. Moreover, allowing a credit union to place its own logos and colors on a privacy notice would make it easier for credit union members to clearly distinguish at a glance from where they received a privacy notice.

The proposed one-year transition period of adopting a new model form from the effective date of the model form is sufficient time for a credit union to transition to the new form. We also believe that the safe harbor provision given to those using the new form is ideal in that more institutions will be more likely to follow the model form instead of drafting their own privacy notice.

Thank you for all of your diligent efforts on this Proposal. We appreciate the opportunity to comment on this matter. If you have any questions, please call me at 817-931-7004.

Sincerely,



Faith L. Anderson
Vice President & General Counsel

cc: J. M. Tippets
CUNA
NAFCU