

USA Funds®

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Supporting access to education

October 9, 2001

Secretary
Federal Trade Commission

Room 159
600 Pennsylvania Avenue, NW
Washington, DC 20580

Gregory A. Ayers
Vice President
Policy & Compliance
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RE: Gramm-Leach-Bliley Act Privacy Safeguards Rule, 16 CFR Part 314-Comment

Dear Sir:

I am writing on behalf of USA Funds, the nation's largest guarantor of Federal Family Education Loan Program ("FFELP") loans, regarding proposed information security regulations published August 7, 2001. USA Funds appreciates your consideration of the following commentary regarding the Federal Trade Commission ("FTC") proposals.

USA Funds strongly supports the FTC's intent to mirror existing rules promulgated by other regulatory agencies. We believe the proposed rules are reasonable and appropriate, and are particularly pleased at the flexibility instilled by the correlation of the proposed information security requirements with the size, complexity, and scope of the regulated entity.

Despite our concurrence with the majority of the proposed provisions, we are concerned about those cases where the rules governing the FTC-regulated entity may be transferred to an affiliate or service provider by the affiliate's or service provider's receipt of customer information even though that affiliate or service provider may be governed by another federal regulator. In these cases, it appears that the affiliate or service provider may be subject to overlapping and possibly diverse requirements. We do not believe these layers of regulation add substantively to the security of the information held by the affiliate or servicer. We suggest that the FTC develop language expressly providing that entities subject to FTC rules are not required to comply with the Safeguards Standards of other Gramm-Leach-Bliley ("GLB") Act regulators simply because they are affiliated with or have contractual relationships with entities subject to the jurisdiction of the other regulator. Further, we believe that the burden of compliance would be greatly relieved by a cooperative effort among GLB Act regulators to recognize the compliance of an affiliate or service provider with the Safeguards Standards of the affiliate's or service provider's functional regulator. We ask the FTC to initiate the process necessary to coordinate such cooperative regulatory efforts.

Finally, USA Funds endorses the proposed one-year implementation period and would strongly oppose abbreviating this period. While most FFELP entities have information security processes

in place, the one-year period would allow a comprehensive assessment of the final FTC requirements and the implementation of the required formal structure and plan.

Again, we appreciate the opportunity to comment on this important regulatory initiative and your consideration of our concerns. If you have questions about any issues noted, please feel free to contact me at the number or address above.

Sincerely,



Gregory A. Ayers
Vice President
Policy & Compliance

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