

Concurring Statement of Commissioner Christine S. Wilson

Regarding Delaying the Effective Date of Certain Provisions of the Recently Amended Safeguards Rule

November 14, 2022

The Safeguards Rule requires financial institutions to develop, implement, and maintain a comprehensive information security program to protect customer information.¹ In 2021, the Commission updated the Safeguards Rule to add several prescriptive requirements that necessitate significant investment to effectively implement.² I voted against the revisions to the Rule, in part, because I feared the new obligations would inhibit flexibility and impose substantial costs, especially on small businesses.³ Despite assurances that financial institutions were already implementing many of the requirements of the amended rule or had sophisticated compliance programs that could easily adopt and pivot to address new obligations, I was concerned that the Commission did not understand fully the economic impact of the proposed changes. It has become clear that the Commission may have underestimated the burdens imposed by the Rule revisions.

While I continue to note my concerns about the revisions to the recently amended Safeguards Rule, I support extending the effective date. Labor shortages of qualified personnel have hampered efforts by companies to implement information security programs. Some estimates place the shortage of cybersecurity professionals in the 500,000 range.⁴ Supply chain issues also have led to delays in obtaining necessary equipment for upgrading systems. These factors are outside the control of financial institutions and have complicated efforts by companies to meet the requirements of the amended Rule by year

consumer benefits. Regardless of the Rule's effects, companies should be given the time necessary to correctly implement the Final Rule's burdensome requirements. For these reasons, I support extending the effective date until June 2023.