



February 20, 2003

Via Facsimile and U.S. Mail

The Honorable Gary L. Guear
1700 Whitehorse – Hamilton Square Road
Unit C-4
Hamilton, NJ 08690

RE: Assembly Bill 3216

Dear Assemblyman Guear:

The Securities Industry Association¹ respectfully opposes AB 3216, prohibiting the disclosure of a customer's financial information even among affiliated companies within a corporate family structure. This bill proposes to deprive consumers of the many benefits they enjoy as a result of the prudent and responsible use of information by financial institutions. SIA member firms, including securities firms and other financial institutions, are absolutely committed to protecting the privacy of customer information. Financial services firms invest literally billions of dollars annually to protect customer information, because good business practice and customer expectations require it. Consumers trust the privacy practices of financial institutions more than they trust those of any other industry, and firms are extremely attentive to earning and retaining that trust.

Assembly Bill 3216 goes far beyond what is necessary, useful, and practical to protect a customer's financial information, by going two steps, not one, further than federal law. Securities firms believe that customers assume and appreciate the sharing of information within a corporation, so that their opportunities are maximized and costs minimized. Firms present themselves to customers as full-service institutions providing integrated service across the full spectrum of financial products. Internal structures may differ, but in ways that are unrelated to the customer. A federal regime, comprised of the longstanding Federal Fair Credit Report Act and the more recently enacted Financial Services Modernization Act, already provides substantial protections of financial information through balanced, carefully crafted provisions that are working well.

Some of the benefits to consumers of information sharing include: ability to view retail brokerage accounts and an employer-sponsored retirement accounts on the same web site, ability to receive one consolidated statement for multiple products and services provided by financial institutions and its affiliates; faster processing of credit and insurance application approval, and ability to call on centralized call center for a variety of questions related to one's account. In addition, a securities broker should have access to customer financial information before recommending a plan of investment to a customer.

¹ The Securities Industry Association brings together the shared interests of more than 600 securities firms to accomplish common goals. SIA member-firms (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. Collectively they employ more than 495,000 individuals, representing 97 percent of total employment in securities brokers and dealers. The U.S. securities industry manages the accounts of nearly 93-million investors directly and indirectly through corporate, thrift, and pension plans. In 2001, the industry generated \$280 billion in U.S. revenue and \$383 billion in global revenues. (More information about SIA is available on its home page: www.sia.com.)

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Simply put, rather than enhance consumer protections, Assembly Bill 3216, would undermine the current protections and severely reduce the level of financial services that many New Jersey residents enjoy today.

For these reasons SIA must oppose Assembly Bill 3216. We would appreciate the opportunity to meet with you to discuss this legislation in more detail. John Indyk of the Marcus Group will be contacting you to arrange a meeting with you and your staff.

Please feel free to contact me at (212) 618-0533, or John Indyk at (609) 393-2211 if you have any questions or concerns.

Sincerely,

Nancy Donohoe Lancia
Vice President and Director
State Government Affairs

cc: The Hon. Linda R. Greenstein