

MEMO# 31293

July 19, 2018

California Enacts New Privacy Law; ICI Creating a Working Group to Discuss the Law's Impact on Funds

[31293]

July 19, 2018 TO: Chief Compliance Officer Committee

Operations Committee

SEC Rules Committee

Technology Committee RE: California Enacts New Privacy Law; ICI Creating a Working Group to Discuss the Law's Impact on Funds

On June 28th, California Governor Jerry Brown signed into law the California Consumer Privacy Act of 2018, which will impact businesses with California consumers – including mutual funds with shareholders who reside in California.[\[1\]](#) Generally speaking, the Act provides California consumers with the following “rights:” (1) the right to know what personal information a business collects about them; (2) the right to know which of this personal information a business discloses for business purposes or sells; and (3) the right to opt out of the sale of such information. There is no carve out in the law for those financial institutions currently subject to the privacy protections of the Gramm-Leach-Bliley Act or its implementing regulations (e.g., the SEC’s Regulation S-P). The effective date of the new Act is January 1, 2020.

In light of this new law, the Institute has decided to create a small working group of members to explore in detail how it will impact funds and what funds need to be doing in anticipation of the January 2020 compliance date. With respect to this California Working Group, please note the following:

- It is not necessary to have a representative on the Working Group to stay informed regarding California’s new law. Indeed, we will be sharing more detailed information on the new law and its impact on mutual funds with the entirety of ICI’s membership in the near future.
- The purpose of the Working Group is to provide members who are already knowledgeable about the law a forum to discuss in detail the issues it raises and how they may impact mutual fund operations. This information will subsequently be shared with ICI’s members.
- We prefer to keep the size of the Working Group small so it is manageable and our discussions are productive.

- Please only appoint a representative to the Working Group who is knowledgeable (or will be knowledgeable) by the first call of the Working Group about the new law and how it will impact your operations.
- To facilitate the group's discussion during our calls, we will be asking its members to submit information to the Institute regarding concerns with the law and its impact on your operations.

If you would like to have a representative on this working group, please send an email to Jennifer Odom at jodom@ici.org with such person's contact information **no later than Friday, August 3rd**.

Once we have an updated roster of the Working Group, we will solicit information from its members and schedule a call to begin our discussions regarding California's new law.

If you have any questions about this initiative, please contact the undersigned by phone (202-326-5825) or email (tamara@ici.org).

Tamara K. Salmon
Associate General Counsel

endnotes

[1] See California Assembly Bill 375, which is available at: https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB375. The Act was enacted in record time to forestall a much stricter privacy initiative that was expected to appear on California's ballot in November.

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