

MEMO# 10501

November 20, 1998

INSTITUTE SUBMITS COMMENT LETTER ON DEPARTMENT OF COMMERCE PRIVACY PRINCIPLES

[10501] November 20, 1998 TO: INTERNATIONAL COMMITTEE No. 35-98 SEC RULES
COMMITTEE No. 119-98 ELECTRONIC COMMERCE ISSUES WORKING GROUP RE: INSTITUTE
SUBMITS COMMENT LETTER ON DEPARTMENT OF COMMERCE PRIVACY PRINCIPLES

On November 19, the Institute submitted a comment letter on proposed privacy principles developed by the Department of Commerce. Copies of the Institute's comment letter and the Commerce Department principles are attached. The proposed Commerce Department principles will form the basis for discussions with the European Union over a safe harbor for US companies from the EU Privacy Directive. The Privacy Directive, which took effect on October 25, has the potential to disrupt flows of data from the EU to the US. In its letter, the Institute strongly urged that an organization should qualify for the safe harbor on the basis of requirements established by its regulator with respect to the protection of personal information privacy for that industry. This should be the case even if the requirements do not precisely mirror each of the seven specific principles outlined in Commerce's draft of the safe harbor. The Institute also participated in drafting a comment letter submitted by the Coalition of Service Industries that provided more specific comments on the proposed wording of the safe harbor principles. The Institute is a member of CSI. A copy of CSI's comment letter also is attached. Robert C. Grohowski Assistant Counsel Attachments

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