

**FEDERAL TRADE COMMISSION**

**16 CFR Part 660**

**RIN [3084-AB63]**

**Duties of Furnishers of Information to Consumer Reporting Agencies Rule**

**AGENCY:** Federal Trade Commission.

**ACTION:** Notice of proposed rulemaking; request for public comment.

**SUMMARY:** The Federal Trade Commission (“FTC” or “Commission”) requests public comment on its Duties of Furnishers of Information to Consumer Reporting Agencies Rule (“Furnisher Rule”) as part of the FTC’s systematic review of all current Commission regulations and guides. In addition, the FTC is proposing to amend the Rule to correspond to changes made to the Fair Credit Reporting Act (“FCRA”) by the Dodd-Frank Act.

**DATES:** Written comments must be received on or before [INSERT DATE 75 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

**ADDRESSES:** Interested parties may file a comment online or on paper by following the Request for Comment part of the SUPPLEMENTARY INFORMATION section below.

Write “Furnisher Rule, 16 CFR part 660, Project No. [ ],” on your comment and file your comment online at <https://www.regulations.gov> by following the instructions on the web-based form. If you prefer to file your comment on paper, mail your comment to the following address: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Avenue NW, Suite CC-5610 (Annex B), Washington, DC 20580, or deliver your comment to the following address: Federal Trade Commission, Office of the Secretary,

Constitution Center, 400 7th Street SW, 5th Floor, Suite 5610 (Annex B), Washington, DC 20024.

**FOR FURTHER INFORMATION CONTACT:** David Lincicum, Division of Privacy and Identity Protection, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue N.W., Washington, D.C. 20580, (202) 326-2773.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

*A. The Furnisher Rule*

The Fair and Accurate Credit Transactions Act of 2003 (“FACT Act”) was signed into law on December 4, 2003. Public Law 108-159, 117 Stat. 1952. Section 312 of the FACT Act amended section 623<sup>1</sup> of the FCRA by requiring the FTC, with other agencies, to issue guidelines for use by furnishers regarding the accuracy and integrity of the information about consumers that they furnish to consumer reporting agencies (“CRAs”) and to prescribe regulations requiring furnishers to establish reasonable policies and procedures for implementing the guidelines. Section 312 also required the Commission and the other agencies to issue regulations identifying the circumstances under which a furnisher must reinvestigate direct consumer disputes concerning the accuracy of information provided by the furnisher to a CRA. On July 1, 2009, the Commission issued the Furnisher Rule and the accompanying guidelines that became effective on July 1, 2010.<sup>2</sup>

The Rule requires furnishers to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of the information relating to

---

<sup>1</sup> 15 U.S.C. 1681s-2.

<sup>2</sup> 74 FR 31484

consumers that they furnish to a CRA.<sup>3</sup> The Rule also requires that furnishers respond to direct disputes from consumers.<sup>4</sup>

### *B. Dodd-Frank Act*

The Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) was signed into law in 2010.<sup>5</sup> The Dodd-Frank Act substantially changed the federal legal framework for financial services providers. Among the changes, the Dodd-Frank Act transferred to the Consumer Financial Protection Bureau (“CFPB”) the Commission’s rulemaking authority under portions of the FCRA.<sup>6</sup> Accordingly, in 2012, the Commission rescinded several of its FCRA rules, which had been replaced by rules issued by the CFPB.<sup>7</sup> The FTC retained rulemaking authority for other rules to the extent the rules apply to motor vehicle dealers described in section 1029(a) of the Dodd-Frank Act<sup>8</sup> that are predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both (“motor vehicle dealers”).<sup>9</sup> The retained rules include the Furnisher Rule, which now applies only to motor vehicle dealers.<sup>10</sup> Furnishers that were originally covered by the Furnisher Rule that are not motor vehicle dealers are covered by the CFPB’s rule.<sup>11</sup>

## **II. Technical Changes to Correspond to Statutory Changes Resulting from the Dodd-Frank Act**

---

<sup>3</sup> 16 CFR § 660.3.

<sup>4</sup> 16 CFR § 660.4

<sup>5</sup> Pub. L. 111-203 (2010).

<sup>6</sup> 15 U.S.C. § 1681 *et seq.* The Dodd-Frank Act does not transfer to the CFPB rulemaking authority for section 615(e) of the FCRA (“Red Flag Guidelines and Regulations Required”) and section 628 of the FCRA (“Disposal of Records”). *See* 15 U.S.C. 1681s(e).

<sup>7</sup> 77 FR 22200 (April 13, 2012); 12 U.S.C. 5519.

<sup>8</sup> 15 U.S.C. § 5519.

<sup>9</sup> 77 FR 22200 (April 13, 2012).

<sup>10</sup> *Id.*

<sup>11</sup> 12 CFR § 1022.40-43.

The Commission adopted the Furnisher Rule at a time when it had rulemaking authority for a broader group of consumer report users. While the Dodd-Frank Act did not change the Commission’s enforcement authority for the Furnisher Rule, it did narrow the Commission’s rulemaking authority with respect to the Rule. It now covers only motor vehicle dealers.<sup>12</sup> The amendments in the Dodd-Frank Act necessitate technical revisions to the Furnisher Rule to ensure that the regulation is consistent with the text of the amended FCRA. Accordingly, the Commission proposes to modify the Furnisher Rule to properly reflect the Rule’s scope.

The proposed amendment to section 660.1 narrows the scope of the Furnisher Rule to those entities set forth in the Dodd-Frank Act that are predominantly engaged in the sale and servicing of motor vehicles, excluding those dealers that directly extend credit to consumers and do not routinely assign the extensions of credit to an unaffiliated third party.<sup>13</sup> It does so by limiting the furnishers to which it applies from all furnishers within the FTC’s enforcement authority to “motor vehicle dealers,” as defined in amended section 660.2. The amendments make no other substantive changes to the Rule.

The proposed amendment to section 660.2 adds a definition of “motor vehicle dealer” that defines motor vehicle dealers as those entities excluded from Consumer Financial Protection Bureau jurisdiction as described in the Dodd-Frank Act.<sup>14</sup> The proposed amendment also changes the definition of “identity theft” by replacing the

---

<sup>12</sup> 15 U.S.C. § 1681s(e)(1); 12 U.S.C. § 5519.

<sup>13</sup> 12 U.S.C. § 5519.

<sup>14</sup> 12 U.S.C. § 5519.

Rule's reference to 16 CFR 603.2(a), which is an FTC rule that has been rescinded,<sup>15</sup> with a reference to 12 CFR 1022.3(h), the equivalent provision in the CFPB's rule.

### **III. Regulatory Review of the Furnisher Rule**

In addition to proposing the changes described above, the Commission seeks information about the costs and benefits of the Rule, and its regulatory and economic impact. It has been ten years since the Rule was enacted. Consistent with its practice of reviewing all of its rules and guides periodically, the Commission seeks to ascertain whether changes in technology, business models, or the law warrant modification or rescission of the Rule. As part of this review the Commission solicits comments on, among other things, the economic impact and benefits of the Furnisher Rule; possible conflict between the Furnisher Rule and state, local, or other federal laws or regulations; and the effect on the Furnisher Rule of any technological, economic, or other industry changes.

### **IV. Issues for Comment**

The Commission requests written comment on any or all of the following questions. These questions are designed to assist the public and should not be construed as a limitation on the issues about which public comments may be submitted. The Commission requests that responses to its questions be as specific as possible, including a reference to the question being answered, and refer to empirical data or other evidence upon which the comment is based whenever available and appropriate.

1. Is there a continuing need for specific provisions of the Furnisher Rule? Why or why not?

---

<sup>15</sup> 77 FR 22200 (April 13, 2012).

2. What benefits has the Furnisher Rule provided to consumers? What evidence supports the asserted benefits?
3. What modifications, if any, should be made to the Furnisher Rule to increase the benefits to consumers?
  - a. What evidence supports the proposed modifications?
  - b. How would these modifications affect the costs imposed by the Furnisher Rule?
4. What significant costs, if any, has the Furnisher Rule imposed on consumers? What evidence supports the asserted costs?
5. What modifications, if any, should be made to the Furnisher Rule to reduce any costs imposed on consumers?
  - a. What evidence supports the proposed modifications?
  - b. How would these modifications affect the benefits provided by the Furnisher Rule?
6. What benefits, if any, has the Furnisher Rule provided to businesses, including small businesses? What evidence supports the asserted benefits?
7. What modifications, if any, should be made to the Furnisher Rule to increase its benefits to businesses, including small businesses?
  - a. What evidence supports the proposed modifications?
  - b. How would these modifications affect the costs the Furnisher imposes on businesses, including small businesses?
  - c. How would these modifications affect the benefits to consumers?

8. What significant costs, if any, including costs of compliance, has the Furnisher Rule imposed on businesses, including small businesses? What evidence supports the asserted costs?
9. What modifications, if any, should be made to the Furnisher Rule to reduce the costs imposed on businesses, including small businesses?
  - a. What evidence supports the proposed modifications?
  - b. How would these modifications affect the benefits provided by the Furnisher Rule?
10. What evidence is available concerning the degree of industry compliance with the Furnisher Rule?
11. What modification, if any, should be made to the Furnisher Rule to account for changes in relevant technology or economic conditions? What evidence supports the proposed modifications?
12. Does the Furnisher Rule overlap or conflict with other federal, state, or local laws or regulations? If so, how?
  - a. What evidence supports the asserted conflicts?
  - b. With reference to the asserted conflicts, should the Furnisher Rule be modified? If so, why, and how? If not, why not?
13. The Commission proposes to amend the Rule to reflect that the Commission's rulemaking authority has been revised by statute to apply exclusively to motor vehicle dealers. Are the proposed modifications appropriate? Should additional amendments be made? Would these amendments create conflicts with any other federal, state, or local regulations or laws?

14. In 2018, the FCRA was amended to require CRAs to allow consumers to freeze their consumer reports, which restricts access to the reports in order to reduce the risk of identity theft, free of charge. Should section 660.4 be amended to exclude credit freezes from the mandatory investigation requirements of the Furnisher Rule, in the same manner as fraud alerts and active duty alerts under the current rule?
15. The Furnisher Rule is intentionally flexible, referring only to reasonable procedures, because it applies to many different types of entities. In light of the narrowing of the Rule's scope to only motor vehicle dealers, should the Rule be amended to include requirements that are specifically tailored to motor vehicle dealers? For example, should the Rule include provisions that require motor vehicle dealers to furnish specific pieces of information concerning an automobile loan to CRAs? If so, what provisions should be amended or added to more directly address motor vehicle dealers?

**V. Request for Comment**

You can file a comment online or on paper. For the Commission to consider your comment, we must receive it on or before [INSERT DATE 75 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Write “Furnisher Rule, 16 CFR part 660, Project No. [ ]” on the comment. Your comment, including your name and your state, will be placed on the public record of this proceeding, including the <https://www.regulations.gov> website.

Postal mail addressed to the Commission is subject to delay due to heightened security screening. As a result, we encourage you to submit your comment online. To

make sure that the Commission considers your online comment, you must file it at <https://www.regulations.gov> by following the instructions on the web-based form.

If you file your comment on paper, write “Furnisher Rule, 16 CFR part 660, Project No. [ ]” on your comment and on the envelope, and mail your comment to the following address: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Avenue NW, Suite CC-5610 (Annex B), Washington, DC 20580; or deliver your comment to the following address: Federal Trade Commission, Office of the Secretary, Constitution Center, 400 7th Street SW, 5th Floor, Suite 5610 (Annex B), Washington, DC 20024. If possible, please submit your paper comment to the Commission by courier or overnight service.

Because your comment will be placed on the publicly accessible website, <https://www.regulations.gov>, you are solely responsible for making sure that your comment does not include any sensitive or confidential information. In particular, your comment should not include any sensitive personal information, such as your or anyone else’s Social Security number, date of birth, driver’s license number or other state identification number or foreign country equivalent, passport number, financial account number, or credit or debit card number. You are also solely responsible for making sure that your comment does not include any sensitive health information, such as medical records or other individually identifiable health information. In addition, your comment should not include any “trade secret or any commercial or financial information which . . . is privileged or confidential,” as provided by section 6(f) of the FTC Act, 15 U.S.C. 46(f), and FTC Rule 4.10(a)(2), 16 CFR 4.10(a)(2), including in particular, competitively

sensitive information such as costs, sales statistics, inventories, formulas, patterns, devices, manufacturing processes, or customer names.

Comments containing material for which confidential treatment is requested must be filed in paper form, must be clearly labeled “Confidential,” and must comply with FTC Rule 4.9(c). In particular, the written request for confidential treatment that accompanies the comment must include the factual and legal basis for the request, and must identify the specific portions of the comment to be withheld from the public record. Your comment will be kept confidential only if the FTC General Counsel grants your request in accordance with the law and the public interest. Once your comment has been posted on the <https://www.regulations.gov> website, we cannot redact or remove your comment from the website, unless you submit a confidentiality request that meets the requirements for such treatment under FTC Rule 4.9(c), and the General Counsel grants that request.

Visit the Commission website at <https://www.ftc.gov> to read this document and the news release describing it. The FTC Act and other laws that the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. The Commission will consider all timely and responsive public comments that it receives on or **before** [INSERT DATE 75 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. For information on the Commission’s privacy policy, including routine uses permitted by the Privacy Act, see <https://www.ftc.gov/site-information/privacy-policy>.

## **VI. Communications by Outside Parties to the Commissioners or Their Advisors**

Written communications and summaries or transcripts of oral communications respecting the merits of this proceeding, from any outside party to any Commissioner or Commissioner's advisor, will be placed on the public record.<sup>16</sup>

## **VII. Paperwork Reduction Act**

The Furnisher Rule contains information collection requirements as defined by 5 CFR 1320.3(c), the definitional provision within the Office of Management and Budget ("OMB") regulations that implement the Paperwork Reduction Act ("PRA"). 44 U.S.C. 3501 *et seq.* OMB has approved the Rule's existing information collection requirements through July 31, 2022 (OMB Control No. 3084-0144). Under the existing clearance, the FTC has attributed to itself the estimated burden regarding all motor vehicle dealers and then shares equally the remaining estimated PRA burden with the CFPB for other persons for which both agencies have enforcement authority regarding the Furnisher Rule. This proposal would amend 16 CFR part 660.

The proposed amendments do not modify or add to information collection requirements that were previously approved by OMB. The amendments narrow the scope to motor vehicle dealers. The Rule's OMB clearance already reflects that change in scope. Therefore, the Commission does not believe that the proposed amendments would substantially or materially modify any "collections of information" as defined by the PRA.

---

<sup>16</sup> 16 CFR 1.26(b)(5).

## **VIII. Regulatory Flexibility Act**

The Regulatory Flexibility Act (“RFA”), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996, requires an agency to either provide an Initial Regulatory Flexibility Analysis (“IRFA”) with a proposed rule, or certify that the proposed rule will not have a significant impact on a substantial number of small entities.<sup>17</sup> The Commission does not expect that the proposed changes to this Rule, if adopted, would have the threshold impact on small entities. The Commission does not expect the proposal to impose costs on small motor vehicle dealers because the amendments are primarily for clarification purposes and should not result in any increased burden on any motor vehicle dealer. Thus, a small entity that complies with current law need not take any different or additional action if the proposal is adopted.

Therefore, based on available information, the Commission certifies that amending the Furnisher Rule as proposed will not have a significant economic impact on a substantial number of small businesses. Although the Commission certifies under the RFA that the proposed amendment would not, if promulgated, have a significant impact on a substantial number of small entities, the Commission has determined, nonetheless, that it is appropriate to publish an IRFA to inquire into the impact of the proposed amendment on small entities. Therefore, the Commission has prepared the following analysis:

---

<sup>17</sup> 5 U.S.C. 603-605.

*A. Description of the Reasons for the Proposed Rule*

To address the Dodd-Frank Act's changes to the Commission's rulemaking authority, the Commission proposes to clarify that the Rule applies only to motor vehicle dealers.

*B. Succinct Statement of the Objectives, and Legal Basis For, the Proposed Rule*

The objectives of the proposed Rule are discussed above. The legal basis for the proposed Rule is 15 U.S.C. § 1681s-2(e).

*C. Description of Small Entities to Which the Proposed Rule Will Apply*

Determining a precise estimate of the number of small entities<sup>18</sup> is not readily feasible. Financial institutions covered by the Rule include certain motor vehicle dealers. A substantial number of these entities likely qualify as small businesses. The Commission estimates that the proposed amendment will not have a significant impact on small businesses because it imposes no new obligations.

*D. Projected Reporting, Recordkeeping, and Other Compliance Requirements, Including Classes of Covered Small Entities and Professional Skills Needed To Comply*

---

<sup>18</sup> The U.S. Small Business Administration Table of Small Business Size Standards Matched to North American Industry Classification System Codes (NAICS) are generally expressed in either millions of dollars or number of employees. A size standard is the largest that a business can be and still qualify as a small business for Federal Government programs. For the most part, size standards are the annual receipts or the average employment of a firm. New car dealers (NAICS code 441100) are classified as small if they have fewer than 200 employees. Used car dealers (NAICS code 441120) are classified as small if their annual receipts are \$27 million or less. Recreational vehicle dealers, boat dealers, motorcycle, ATV and all other motor vehicle dealers (NAICS codes 441210, 441222 and 441228) are classified as small if their annual receipts are \$35 million or less. The 2019 Table of Small Business Size Standards is available at <https://www.sba.gov/document/support--table-size-standards>.

The proposed amendments would impose no new reporting, recordkeeping, or other compliance requirements. The small entities potentially covered by the proposed amendment will include all such entities subject to the Rules.

*E. Identification of Duplicative, Overlapping, or Conflicting Federal Rules*

The Commission has not identified any other federal statutes, rules, or policies that would duplicate, overlap, or conflict with the proposed amendment. Nonetheless, the Commission is requesting comment on the extent to which other federal standards involving consumer reports may duplicate, satisfy, or possibly conflict with the Rule's requirements for any covered financial institutions.

*F. Description of Any Significant Alternatives to the Proposed Rule*

The Commission has not proposed any specific small entity exemption or other significant alternatives because the proposed amendment would not impose any new requirements or compliance costs. Nonetheless, the Commission welcomes comment on any significant alternative consistent with the FCRA that would minimize the impact of the proposed Rule on small entities.

**IX. Proposed Rule Language**

**List of Subjects in 16 CFR Part 660**

Consumer protection, Credit, Trade practices.

For the reasons stated above, the Federal Trade Commission proposes to amend part 660 of title 16 of the Code of Federal Regulations as follows:

1. Revise the authority section for part 660 to read as follows:

**Authority:** Pub. L. 108-159, sec. 311; 15 U.S.C. 1681s-2; 12 U.S.C. 5519(d).

2. Revise § 660.1 to read as follows:

**§ 660.1 Scope.**

This part applies to furnishers of information to consumer reporting agencies that are motor vehicle dealers as defined by § 660.2 of this part (referred to as “furnishers”).

3. Revise § 660.2 by modifying paragraph (d) and adding a new paragraph (f) to read as follows:

**§ 660.2 Definitions.**

\* \* \* \* \*

(d) Identity theft has the same meaning as in 12 CFR 1022.3(h)

\* \* \* \* \*

(f) *Motor vehicle dealer* means any person excluded from Consumer Financial Protection Bureau jurisdiction as described in 12 U.S.C. 5519.

By direction of the Commission.  
April J. Tabor,  
Acting Secretary.