February 16, 2017

Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Re: 12 CFR Chapter II, Docket No. R-1550, RIN 7100-AE 61

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street, SW
Suite 3E-218, mail stop 9W-11
Washington, DC 20219
Re: 12 CFR Part 30, Docket ID OCC-2016-0016, RIN 1557-AE06

Robert E. Feldman
Executive Secretary
Attention: Comments, Federal Deposit Insurance Corporation
550 17th Street, NW, Washington, DC 20429
Re: 12 CFR Part 364, RIN 3064-AE45

Enhanced Cyber Risk Management Standards

To whom it may concern:

The American Financial Services Association ("AFSA")[1] appreciates the opportunity to comment on the Office of the Comptroller of the Currency, Federal Reserve System, and the Federal Deposit Insurance Corporation's (collectively, the "Agencies") advance notice of proposed rulemaking ("ANPR") regarding enhanced cyber risk management standards for large and interconnected entities under their supervision and those entities' service providers. AFSA understands that the Agencies are considering enhanced standards to increase the operational resilience of these entities and reduce the impact on the financial system in case of a cyber event experienced by one of these entities.

AFSA supports implementing the enhanced standards in a tiered manner. We understand that as technology dependence in the financial sectors continues to grow, so do opportunities for high-impact technology failures and cyber-attacks. Furthermore, we agree that due to the interconnectedness of the U.S. financial system, a cyber incident or failure at one interconnected entity may not only impact the safety and soundness of the entity, but also other financial entities with potentially systematic consequences. However, the ANPR proposes that certain asset levels trigger enhanced standards. AFSA believes that it would be more appropriate for the application of the enhanced standards to be based on risk, rather than on asset threshold levels.

The Agencies ask if there are any "alternative size thresholds or measures of risk to the safety and soundness of the financial sector and the U.S. economy" that they should consider. AFSA believes that there is. The Agencies should propose that any new standards be applicable on a risk basis. Applying the enhanced standards on an

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[1] Founded in 1916, AFSA is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including traditional installment loans, mortgages, direct and indirect vehicle financing, payment cards, and retail sales finance.

enterprise-wide bases to large entities could result in many expensive controls being implemented and maintained that, for some entities, provide little or no additional value or protection to the institution or its customers. Cybersecurity is an expensive and continuous struggle for our members, as the nature and level of cybersecurity threats continually grow. Therefore, flexible, risk-based standards, are needed to allow cybersecurity resources to be deployed, for each institution, in a manner that will best protect its customers.

A risk-based approach can adapt to and account for changes in technology, differences across firms, marketplace differences, and the cybersecurity threat landscape. This risk-based approach would allow for strategic prioritization and revision of controls to respond to technical developments and evolving threats.

Thank you again for the opportunity to comment on this important ANPR. Please contact me by phone, 202-466-8616, or e-mail, bhimpler@afsamail.org, with any questions.

Sincerely,

Bill Himpler
Executive Vice President
American Financial Services Association