

NY Assembly's banking panel sets hearing on proposed cybersecurity rule

(December 16, 2016) - New York lawmakers want to review the state's groundbreaking cybersecurity regulations for the financial industry just before they go into effect Jan. 1.

The state assembly's Committee on Banks scheduled a hearing Dec. 19 on the proposed rule "to explore the cybersecurity needs of banking institutions to protect both individuals and such institutions from cyber threats."

However, it is unclear whether the intent of the hearing is to air criticism of the controversial rulemaking or lend it support against heavy opposition from banks, insurers and other financial firms regulated by the state.

"The hearing is exploratory and generally open to anyone who wants to testify, so I doubt that it will either be friendly or hostile," said Charles Horn, a partner in the Washington office of Morgan, Lewis & Bockius LLP. "What the committee apparently wants to know is whether there is a need for financial institutions cybersecurity legislation, in addition to (or perhaps instead of) the regulations proposed by the NYDFS."

Proposed last September by Gov. Andrew Cuomo, the "first-in-the-nation" regulations have generated a wall of opposition over concerns its detailed cybersecurity requirements are "impractical," "unworkable," and "infeasible."

"Indeed, we are not aware of any authoritative guidance on cybersecurity that is not risk based and technology agnostic," the Securities Industry and Financial Markets Association and other groups said in a jointly filed comment on the rule.

While industry groups would like to see the regulation delayed and totally revamped, the Committee on Banks suggested in its hearing notice the rule may not go far enough.

"This hearing will examine current state laws and regulations regarding cyber security and to (sic) assess the need for further legislation to strengthen consumer protections in this area," according to a committee notice. A committee spokesman did not respond to a request for comment.

Maria Vullo, superintendent of the Department of Financial Services, which authored the rule, has declined to appear, according to the New York Law Journal. A department spokeswoman did not respond to a request for comment.

The committee has not issued a witness list but it is soliciting oral testimony, limited to 10 minutes per person.

By Paul Merrion, CQ Roll Call

© 2016 Congressional Quarterly Inc. All Rights Reserved