

# NEW FTC SAFEGUARDS RULE CHECKLIST

## Understanding the New FTC Safeguards Rule for 2023

To address growing concerns over data breaches and privacy violations, the Federal Trade Commission (FTC) has introduced an [updated Safeguards Rule that went into effect on June 9, 2023](#), and impacts a wide range of organizations.

### What is the Updated Safeguards Rule?

The [FTC website](#) states that the Safeguards Rule “requires covered companies to develop, implement, and maintain an information security program with administrative, technical, and physical safeguards designed to protect customer information.”

### FTC Safeguards Rule Checklist

To achieve compliance with the new FTC Safeguards Rule, [FTC states](#), “**Your information security program must be written and it must be appropriate to the size and complexity of your business, the nature and scope of your activities, and the sensitivity of the information at issue.**” Here’s a checklist of the main requirements:

- **Designate a “qualified individual” to lead your cybersecurity program:** The best choices for a “qualified individual” are a CISO, virtual CISO, or a skilled MSP.
- **Risk assessment:** Conduct a thorough assessment of the organization’s information systems, identifying potential vulnerabilities and threats to consumer data.
- **Design and implement safeguards:** Develop and implement a comprehensive information security program that addresses the identified risks.
- **Incident response plan:** Establish an incident response plan that outlines the steps to be taken in the event of a data breach or security incident.
- **Oversight of service providers:** Ensure that any service providers or third-party vendors who handle consumer information adhere to the same rigorous security standards.
- **Employee training and management:** Train employees on security best practices and their responsibilities in protecting consumer data. Regularly monitor and enforce implementing access controls, conducting background checks, and regularly reviewing user access privileges.
- **Ongoing evaluation and adjustments:** Continuously monitor and evaluate the effectiveness of the information security program. Regularly review and update policies and procedures to address emerging threats and changes in the organization’s operations.



### What Types of Organization Must Comply with the Updated FTC Safeguards Rule?

The new Safeguards Rule applies to a broad range of organizations that handle consumer data. This can include:

- Mortgage lenders & brokers
- Personal property/real estate appraisers
- Travel agencies in connection with financial services
- Investment advisors not required to register with the SEC
- Accountants
- Account servicers
- Automobile dealerships
- Tax preparation firms
- Credit counselors
- Retailers that issue their own credit cards
- Non-federally insured credit unions
- Wire transferors
- Collection agencies
- Payday lender

However, [covered organizations with less than 5,000 customer records are allowed to skip a few of the requirements.](#)

### FTC Offers Exemptions

[The FTC offers exemptions for covered organizations with fewer than 5,000 consumer records.](#) These organizations do NOT have to comply with the following provisions:

1. Written risk assessment
2. Incident response plan
3. Annual reporting to the Board of Directors

### Next Steps

The new FTC Safeguards Rule places increased responsibility on organizations to protect consumer data and respond effectively to data breaches. We strongly recommend that every impacted organization start with qualified cybersecurity leadership to help you ensure compliance, provide current guidance on the constantly evolving cybersecurity threats, and keep your organization and data safe. We hope you found this information helpful! Please [contact us](#) for a **Free Security Assessment** or if you need managed IT service, Microsoft or cloud support, vCISO services, and more. Our expert team can provide customized IT solutions to fit your organization’s needs. Read more information in our [blog post](#) for this topic.