



strength in members.

January 6, 2023

Ms. Joanne S. Berman  
Counsel to the Cybersecurity Division  
NYS Department of Financial Services  
One State Street  
New York, NY 10004  
Via electronic mail: [Joanne.Berman@dfs.ny.gov](mailto:Joanne.Berman@dfs.ny.gov)

Re: Request for Comment Second Amendment to 23 NYCRR 500  
Cybersecurity Requirements for Financial Services Companies

Dear Ms. Berman,

The New York Credit Union Association (the Association), representing both state and federal credit unions and credit union service organizations (CUSOs), appreciates the Department proposed amendments to 23 NYCRR 500. While the Association understands the need to update the security framework in a rapidly evolving world, we believe addressing the below stated issues could assist state-chartered financial services companies with compliance.

**Unrealistic compliance burdens**

- i. The removal of § 500.11 (C) would mandate that individual employed by a covered entity create a cyber security plan would increase the administrative for both financial institutions and DFS by eliminating the limited exemption. The final regulation should restore the exemption to make compliance feasible.
- ii. § 500.22 should be amended to extend the compliance deadline. Covered institutions will need to create or update policies and procedures. Vendors must do the same which may require amended or new contracts. Staff will have to be appropriately trained and boards of directors will have to approve of these changes. Under these circumstances, a one-year compliance timeline would be more appropriate, especially since there are serious reputational and legal risks associated with non-compliance. All the above stated will impact budgets, consume staff resources, and potentially affect other strategic projects.

**Lack of clear objective criteria**

- i. As it pertains to § 500.2, final regulation should clarify what constitutes compliance and include an optional Risk Assessment Template for guidance.
- ii. Language in § 500.14(b)(1) et seq. should clarify and define Department expectations. Specifically, regulations should include a definition of “lateral movement” for an information technology department to be able to adequately track and report incidents as required.

Credit unions share the Department’s commitment to protecting consumer information. The changes outlined by the Association would enable the Department to achieve all its core goals in proposing these amendments while doing so in a way which helps smaller to mid-size institutions comply with these regulations in a cost-effective manner.

Thank you for the opportunity to comment on this important regulation. We look forward to continuing to provide safe and affordable financial services to all New Yorkers.

Sincerely,  
William J. Mellin



President/CEO  
New York Credit Union Association