

# Federal Agencies Issue FAQs on FACTA Red Flag Compliance

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Last week, the Federal Trade Commission, jointly with other federal agencies that regulate financial institutions, released "[frequently asked questions](#)" designed to provide additional assistance to companies required to comply with new identity theft [rules](#) pursuant to the Fair and Accurate Credit Transactions Act ("FACTA").

Those rules were issued in November 2007. Under the regulations, financial institutions are required to develop and implement written programs to detect and respond to possible identity theft as indicated by certain "red flags." These newly required programs were to be in place on or before November 1, 2008.

The FAQs are the latest step in a number of efforts by the FTC and others to assist companies in complying with the new FACTA rules. For instance, in July 2008, the FTC launched an outreach program to explain the rules in greater detail, to clarify the types of institutions to which the rules apply, and to offer guidance as to how these institutions can comply. That outreach effort included an [alert](#) providing information relating to definitions and terms used in the rules, including the definitions of "financial institution," "creditor," "transaction account," and "covered account." In addition, the alert addressed five categories of "red flag" activities.

Financial institutions should continue to monitor for guidance from the federal agencies, and/or consult with counsel, regarding their compliance with the new FACTA rules.