August 21, 2024

Via Electronic Mail

Sam I. Valverde
Acting President
Ginnie Mae
U.S. Department of Housing and Urban Development
425 3rd Street, SW, Suite 500
Washington, DC 20024

Re: Cybersecurity Incident Notification Requirements

Dear Mr. Valverde,

The American Bankers Association,[1] Bank Policy Institute,[2] and the Housing Policy Council[3] (collectively, the Associations) write to provide feedback on Ginnie Mae's All Participant Memorandums (APM) 24-02 and 24-10. The APMs, effective immediately, contain wide-ranging thresholds for cyber incident reporting that will present considerable compliance challenges for issuers and document custodians. Therefore, the Associations request that Ginnie Mae revise the current APMs to better align with existing cyber regulatory reporting requirements. Harmonizing the APMs in this way will still provide Ginnie Mae with timely notification of cyber incidents to mitigate risks, and will simplify the reporting process for an impacted entity. Today, companies dedicate significant resources and time complying with numerous reporting requirements with divergent timeframes.

[1] The ABA is the voice of the nation's $23.4 trillion banking industry, which is composed of small, regional, and large banks that together employ approximately 2.1 million people, safeguard $18.6 trillion in deposits, and extend $12.3 trillion in loans.

[2] The Bank Policy Institute is a nonpartisan public policy, research and advocacy group that represents universal banks, regional banks, and the major foreign banks doing business in the United States. The Institute produces academic research and analysis on regulatory and monetary policy topics, analyzes and comments on proposed regulations, and represents the financial services industry with respect to cybersecurity, fraud, and other information security issues Business, Innovation, Technology and Security ("BITS"), BPI's technology policy division, provides an executive-level forum to discuss and promote current and emerging technology, foster innovation, reduce fraud, and improve cybersecurity and risk management practices for the financial sector.

[3] The Housing Policy Council is a trade association comprised of the leading national mortgage lenders and servicers; mortgage, hazard, and title insurers; and technology and data companies. HPC's interest is in the safety and soundness of the housing finance system, the equitable and consistent regulatory treatment of all market participants, and the promotion of lending practices that create sustainable homeownership opportunities in support of vibrant communities and long-term wealth building for families.

As currently drafted, the APMs have an impractical "significant cybersecurity incident" definition with exceptionally low thresholds for reporting. The definition covers events that "potentially jeopardize" information or information systems or pose an "imminent threat of violation" to security policies, both standards that would likely encompass large numbers of incidents experienced by issuers and document custodians that are immaterial in their impact.[4]

The breadth of current requirements in the APMs is also inconsistent with several ongoing government cyber regulatory harmonization efforts. This includes the Cyber Incident Reporting Council's ("CIRC") work to coordinate, deconflict, and harmonize Federal incident reporting requirements.[5] Moreover, the requirements are at odds with the National Cybersecurity Strategy's objective "to harmonize not only regulations and rules, but also assessments and audits of regulated entities" to "minimize the burden of unique requirements."[6] More recently, Congress has also recognized the need to harmonize cyber regulatory requirements by introducing the *Streamlining Federal Cybersecurity Regulations Act*.[7]

As last year's CIRC report identified, there are at least eight separate incident reporting requirements applicable to financial institutions.[8] Among others, these include the prudential banking regulators' Computer-Security Incident Notification Rule[9] and the Cyber Incident Reporting for Critical Infrastructure Act.[10] Introducing a new requirement with distinct thresholds and timeframes for reporting will further complicate an already complex regulatory landscape. In fact, according to a recent survey of large financial institutions, firm cyber teams now spend as much as 70 percent of their time on regulatory compliance matters. Therefore, an uncoordinated approach to regulatory reporting requirements is not without consequence and leaves cyber professionals with less time for the core security activities that are essential to effectively managing the organization's cyber risk.

The Associations are committed to working with Ginnie Mae to better understand the intent behind the APMs and explore ways to accomplish those goals without diverting critical incident response resources. If you have any questions or would like to discuss these comments

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[4] U.S. DEP'T OF HOUSING & URBAN DEVELOPMENT, GINNIE MAE, APM 24-02, CYBERSECURITY INCIDENT NOTIFICATION REQUIREMENT (2024); U.S. DEP'T OF HOUSING & URBAN DEVELOPMENT, GINNIE MAE, APM 24-10, CYBERSECURITY INCIDENT NOTIFICATION REQUIREMENT FOR DOCUMENT CUSTODIANS (2024).

[5] DEP'T OF HOMELAND SEC., HARMONIZATION OF CYBER INCIDENT REPORTING TO THE FEDERAL GOVERNMENT 2 (2023), https://www.dhs.gov/sites/default/files/2023-09/Harmonization%20of%20Cyber%20Incident%20Reporting%20to%20the%20Federal%20Government.pdf.

[6] OFFICE OF THE NAT. CYBER DIR., NATIONAL CYBERSECURITY STRATEGY 9 (2023), https://www.whitehouse.gov/wp-content/uploads/2023/03/National-Cybersecurity-Strategy-2023.pdf.

[7] Streamlining Federal Cybersecurity Regulations Act, S. 4630, 118th Cong. (2024).

[8] DEP'T OF HOMELAND SEC., HARMONIZATION OF CYBER INCIDENT REPORTING TO THE FEDERAL GOVERNMENT 9 (2023), https://www.dhs.gov/sites/default/files/2023-09/Harmonization%20of%20Cyber%20Incident%20Reporting%20to%20the%20Federal%20Government.pdf.

[9] Computer-Security Incident Notification Requirements for Banking Organizations and Their Bank Service Providers, 86 Fed. Reg. 66424 (Nov. 23, 2021).

[10] 6 U.S.C. § 681.

further, please contact Heather Hogsett at heather.hogsett@bpi.com, John Carlson at jcarlson@aba.com, or Meg Burns at meg.burns@housingpolicycouncil.org.

Sincerely,

/s/ Heather Hogsett
Heather Hogsett
SVP, Technology & Risk Strategy, BITS
Bank Policy Institute

/s/ John Carlson
John Carlson
VP, Cybersecurity Regulation & Resilience
American Bankers Association

/s/ Meg Burns
Meg Burns
Executive Vice President
Housing Policy Council

cc: Harry Coker, Jr.
Director
Office of the National Cyber Director
Executive Office of the President

Robert Silvers
Under Secretary
Office of Policy
Department of Homeland Security