

**Business Blog** 

## FTC proposes enhanced protections for kids online. Where do you stand?

By: Lesley Fair December 20, 2023

In place since 2000, the Children's Online Privacy Protection Act (COPPA) Rule makes it illegal for websites and online services to collect personal information from kids under 13 without parents' verifiable consent. It's been a decade since the last COPPA Rule update, and <a href="the FTC">the FTC</a> is now <a href="https://protections.org/">proposing revisions</a> to reflect technological changes, provide greater protections for kids' personal information, and ensure that parents – not companies – are still in the driver's seat when it comes to children's data. One major suggested change would further limit the ability of companies to monetize children's data by making it illegal for companies to disclose kids' information without first obtaining separate parental consent. That means that behavioral advertising would have to be turned off by default and parents would have the clear option to say no to behavioral advertising even if they consent to the company's other data practices. The FTC wants your comments about the enhanced protections it has in mind.

After the FTC announced it was considering revisions to the <u>COPPA Rule</u>, we received more than 175,000 comments. The proposed rule reflects what we heard from parents, educators, industry members, researchers, and others – as well as our 23 years' experience enforcing COPPA. You'll want to read the <u>Notice of Proposed Rulemaking</u> for the details, but here is a brief recap of some of the provisions the FTC is considering:

Requiring separate opt-in consent for third-party disclosures. Businesses would
have to get parents' separate verifiable consent to disclose information to third
parties, including third-party advertisers, unless the disclosure is integral to the
nature of the website or online service. That means COPPA-covered companies'
default settings would have to disallow third-party behavioral advertising and allow
it only when parents expressly opt in.

- Limiting the "support for internal operations" exception. As it now stands, operators can collect persistent identifiers without first getting parental consent if they don't collect any other personal information and use the persistent identifiers just to provide support for internal operations. If operators claim this exception in the future, the FTC wants them to provide an online notice explaining the specific operations for which they're collecting those identifiers and how they will ensure identifiers aren't used to contact specific people, including through targeted advertising.
- Limiting companies' nudging of kids to stay online. Operators wouldn't be allowed to use certain COPPA exceptions to send push notifications to encourage kids to use their service more. Operators using kids' information to send these push notifications would also be required to flag that use in their COPPA-required direct and online notices. This would ensure parents are aware of, and must consent to, the companies' use of nudges.
- Limiting data retention. The FTC proposal would strengthen COPPA's existing standards by making it clear that operators can hold on to kids' personal information only for as long as necessary to fulfill the purpose for which it was collected and they for sure can't hold on to it indefinitely or use it for any secondary purpose. The FTC also wants operators to post their data retention policy for children's personal information.
- Codifying ed tech guidance. The burgeoning ed tech sector wasn't as big of a thing during the FTC's last look at COPPA, but a lot has happened since then. While also adding further safeguards, the proposed rule would formalize the FTC's guidance that schools and school districts can authorize ed tech providers to collect, use, and disclose students' personal information, but only for a school-authorized educational purpose and not for a commercial purpose.
- Increasing accountability for Safe Harbor programs. To increase transparency and accountability of COPPA's Safe Harbor programs, the proposed rule would require the safe harbor programs to publicly disclose their membership lists and report additional information to the FTC, among other changes.
- Strengthening data security requirements. The proposed rule would strengthen
  COPPA's existing data security requirements by mandating that operators create a
  written children's personal information security program and then put it into practice,
  including safeguards appropriate to the sensitivity of the information collected from
  kids.

Another proposed change that reflects the current state of technology: expanding the definition c \*personal information" to include biometric identifiers.

Once the <u>Notice of Proposed Rulemaking</u> runs in the Federal Register – we'll publish another blog post to let you know when that happens – you'll have 60 days to file a public comment that will appear on regulations.gov. Remember that we welcome the perspectives of academics, consumer groups, tech experts, etc., but we also want to hear from parents, small businesses, and others who deal with COPPA day-to-day in real world settings.

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