# TRADE OF STREET

#### UNITED STATES OF AMERICA

## Federal Trade Commission WASHINGTON, D.C. 20580

# Statement of Chair Lina M. Khan Regarding the Final Rule Amending the Children's Online Privacy Protection Rule Commission File No. P195404

### **January 16, 2025**

Today the Commission finalizes amendments to the Children's Online Privacy Protection Rule. These amendments are much-needed: they come 25 years after the Rule first went into effect and 12 years after the Rule was last amended. Much has changed in that time, with a dramatic rise in kids' smartphone usage, screentime, and consumption of social media. Meanwhile, firms' financial incentive to harvest kids' personal data only continues to grow: not only is behavioral advertising now a multi-billion dollar business, but—as FTC's enforcement experience has shown—expanded deployment of AI models can further incentivize businesses to harvest and retain kids' personal data.

Against this backdrop, the Commission has a particular imperative to use the full scope of its tools and authorities to protect the online privacy of kids. These Rule amendments mark an important step forward in that work, complementing the FTC's law enforcements efforts to protect young people online. And because state attorneys general also enjoy the authority to enforce the Rule, the heightened protections here can boost enforcement efforts across the country.

The Rule amendments mark important advances on several fronts.

First, the amendments will give parents greater control over whether their kids' data is disclosed to third parties, including for purposes of targeted advertising.<sup>4</sup> When the amendments go into effect, operators of child-directed sites or online services will need to obtain separate verifiable parental consent before disclosing children's personal information to third parties.<sup>5</sup>

<sup>&</sup>lt;sup>1</sup> Children's Online Privacy Protection Rule, 16 C.F.R. 312 (Nov. 3, 1999) [hereinafter Final Rule], available at <a href="https://www.ecfr.gov/current/title-16/chapter-I/subchapter-C/part-312">https://www.ecfr.gov/current/title-16/chapter-I/subchapter-C/part-312</a>; Press Release, Fed. Trade Comm'n, Revised Children's Online Privacy Protection Rule Goes Into Effect Today (July 1, 2013), <a href="https://www.ftc.gov/news-events/news/press-releases/2013/07/revised-childrens-online-privacy-protection-rule-goes-effect-today">https://www.ftc.gov/news-events/news/press-releases/2013/07/revised-childrens-online-privacy-protection-rule-goes-effect-today</a>.

<sup>&</sup>lt;sup>2</sup> FED. TRADE COMM'N, PROTECTING KIDS FROM STEALTH ADVERTISING IN DIGITAL MEDIA – STAFF PERSPECTIVE (2023), available at

https://www.ftc.gov/system/files/ftc\_gov/pdf/p214505kidsadvertisingstaffperspective092023.pdf ("A 2021 survey by Common Sense Media found that . . . 57 percent of children between 8 and 12 have their own tablet" and "that, on average, 8- to 12-year-olds have approximately 5.5 hours of entertainment screen time per day.").

<sup>&</sup>lt;sup>3</sup> Melinda Wenner Moyer, *Kids as Young as 8 Are Using Social Media More Than Ever, Study Finds*, N.Y. TIMES (Mar. 24, 2022), https://www.nytimes.com/2022/03/24/well/family/child-social-media-use.html.

<sup>&</sup>lt;sup>4</sup> References to children in the context of the Rule amendments refer to children under 13, and references to the Rule's requirements refer to operators of child-directed online sites and services as defined by the Rule, and other entities covered by the Rule.

<sup>&</sup>lt;sup>5</sup> Final Rule at § 312.5(a)(2) (as amended).

Practically this means that covered entities will be prohibited from selling kids' data or disclosing it for targeted advertising *unless* parents separately agree and opt-in to these uses. And if a parent chooses not to consent, the operator may not cut off access to the website or service. In short, behavioral advertising towards kids must be off by default—and entities cannot punish families if parents do not agree to the sale or disclosure of their kids' data.

Second, the revised Rule creates key protections against the indefinite retention of kids' personal data. These revisions will prevent an operator from retaining children's personal information for longer than necessary for the specific documented purpose for which the operator collected it. Moreover, covered entities will need to maintain a written data retention policy that both (1) details the specific business need for holding on to kids' personal data and (2) lays out the timeline for deleting this data, precluding indefinite retention. These amendments will put in place baseline minimization requirements that reduce the burden on parents. They may prove especially salient given the expansion of AI and machine learning tools that feed on data to develop and refine the models and algorithms. Indeed, FTC's enforcement experience has already shown firms citing machine learning as justification for indefinite retention—and the Commission has made clear that these AI claims do not override legal bans on indefinite retention of data. The prevalence of major data hacks and breaches makes these prohibitions on the endless hoarding of kids' data even more pressing.

Finally, given the rapid evolution of biometric technology to identify individuals, including through the use of facial recognition or fingerprints to access accounts, the amendments clarify that the Rule applies to children's biometric identifiers that can be used for the automated or semi-automated recognition of an individual.<sup>8</sup>

The advancements in children's privacy achieved by the amendments complement numerous Commission initiatives over the past three years to vigorously protect children and teens online.

Over this period the Commission has enforced COPPA with an eye towards a rapidly changing technological landscape, the increased monetization of data, and the need for deterrence of practices that put kids at risk online. The agency obtained the largest ever civil

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<sup>&</sup>lt;sup>6</sup> Final Rule at § 312.10 (as amended).

<sup>&</sup>lt;sup>7</sup> See Press Release, Fed. Trade Comm'n, FTC and DOJ Charge Amazon with Violating Children's Privacy Law by Keeping Kids' Alexa Voice Recordings Forever and Undermining Parents' Deletion Requests (May 31, 2023), https://www.ftc.gov/news-events/news/press-releases/2023/05/ftc-doj-charge-amazon-violating-childrens-privacy-law-keeping-kids-alexa-voice-recordings-forever; see also Statement of Comm'r Alvaro Bedoya Joined by Chair Lina M. Khan and Comm'r Rebecca Kelly Slaughter in the Matter of Amazon Alexa (May 31, 2023), https://www.ftc.gov/system/files/ftc\_gov/pdf/Bedoya-Statement-on-Alexa-Joined-by-LK-and-RKS-Final-1233pm.pdf ("The Commission alleges that Amazon kept kids' data indefinitely to further refine its voice recognition algorithm. Amazon is not alone in apparently seeking to amass data to refine its machine learning models; right now, with the advent of large language models, the tech industry as a whole is sprinting to do the same. Today's settlement sends a message to all those companies: Machine learning is no excuse to break the law. Claims from businesses that data must be indefinitely retained to improve algorithms do not override legal bans on indefinite retention of data.").

<sup>&</sup>lt;sup>8</sup> Final Rule at § 312.2.

penalty for COPPA violations, 9 pursued enforcement actions against firms with extensive access to children and their personal information, 10 and addressed privacy harms that kids face in online gaming environments. 11 The FTC also obtained relief requiring not only deletion of children's information collected in violation of COPPA, but deletion of models trained on it. 12 And the agency brought its first COPPA action against an ed tech provider, 13 building off of its policy statement clarifying that COPPA forbids ed tech providers from forcing parents and schools to surrender children's online privacy in order to do schoolwork or attend school remotely. 14 The Commission also acted to support the use of state law and private actions to protect children's online privacy by filing amicus briefs in cases where parties attempted to use COPPA to forestall such actions. 15

Beyond COPPA, which does not apply to kids 13 and older, the Commission brought its first actions to protect teens online. In its action against Epic Games, the Commission obtained relief requiring the company to disable by default for all users under 18 voice and text

<sup>9</sup> Press Release, Fed. Trade Comm'n, Fortnite Video Game Maker Epic Games to Pay More Than Half a Billion Dollars over FTC Allegations of Privacy Violations and Unwanted Charges (Dec. 19, 2022), <a href="https://www.ftc.gov/news-events/news/press-releases/2022/12/fortnite-video-game-maker-epic-games-pay-more-half-billion-dollars-over-ftc-allegations">https://www.ftc.gov/news-events/news/press-releases/2022/12/fortnite-video-game-maker-epic-games-pay-more-half-billion-dollars-over-ftc-allegations</a>.

<sup>&</sup>lt;sup>10</sup> Press Release, Fed. Trade Comm'n, FTC Investigation Leads to Lawsuit Against TikTok and ByteDance for Flagrantly Violating Children's Privacy Law (Aug. 2, 2024), <a href="https://www.ftc.gov/news-events/news/press-releases/2024/08/ftc-investigation-leads-lawsuit-against-tiktok-bytedance-flagrantly-violating-childrens-privacy-law; https://www.ftc.gov/news-events/news/press-releases/2023/06/ftc-will-require-microsoft-pay-20-million-over-charges-it-illegally-collected-personal-information; Press Release, Fed. Trade Comm'n, FTC Will Require Microsoft to Pay \$20 million over Charges it Illegally Collected Personal Information from Children without Their Parents' Consent (June 5, 2023), <a href="https://www.ftc.gov/news-events/news/press-releases/2023/05/ftc-doj-charge-amazon-violating-childrens-privacy-law-keeping-kids-alexa-voice-recordings-forever">https://www.ftc.gov/news-events/news/press-releases/2023/05/ftc-doj-charge-amazon-violating-childrens-privacy-law-keeping-kids-alexa-voice-recordings-forever</a>.

<sup>&</sup>lt;sup>11</sup> Press Release, Fed. Trade Comm'n, Fortnite Video Game Maker Epic Games to Pay More Than Half a Billion Dollars over FTC Allegations of Privacy Violations and Unwanted Charges (Dec. 19, 2022), <a href="https://www.ftc.gov/news-events/news/press-releases/2022/12/fortnite-video-game-maker-epic-games-pay-more-half-billion-dollars-over-ftc-allegations">https://www.ftc.gov/news-events/news/press-releases/2022/12/fortnite-video-game-maker-epic-games-pay-more-half-billion-dollars-over-ftc-allegations</a>; Press Release, Fed. Trade Comm'n, FTC Will Require Microsoft to Pay \$20 million over Charges it Illegally Collected Personal Information from Children without Their Parents' Consent (June 5, 2023), <a href="https://www.ftc.gov/news-events/news/press-releases/2023/06/ftc-will-require-microsoft-pay-20-million-over-charges-it-illegally-collected-personal-information">https://www.ftc.gov/news-events/news/press-releases/2023/06/ftc-will-require-microsoft-pay-20-million-over-charges-it-illegally-collected-personal-information</a>.

<sup>&</sup>lt;sup>12</sup> Press Release, Fed. Trade Comm'n, FTC Takes Action Against Company Formerly Known as Weight Watchers for Illegally Collecting Kids' Sensitive Health Data (Mar. 4, 2022), <a href="https://www.ftc.gov/news-events/news/press-releases/2022/03/ftc-takes-action-against-company-formerly-known-weight-watchers-illegally-collecting-kids-sensitive">https://www.ftc.gov/news-events/news/press-releases/2022/03/ftc-takes-action-against-company-formerly-known-weight-watchers-illegally-collecting-kids-sensitive</a>.

<sup>&</sup>lt;sup>13</sup> Press Release, Fed. Trade Comm'n, FTC Says Ed Tech Provider Edmodo Unlawfully Used Children's Personal Information for Advertising and Outsourced Compliance to School Districts (May 22, 2023), <a href="https://www.ftc.gov/news-events/news/press-releases/2023/05/ftc-says-ed-tech-provider-edmodo-unlawfully-used-childrens-personal-information-advertising">https://www.ftc.gov/news-events/news/press-releases/2023/05/ftc-says-ed-tech-provider-edmodo-unlawfully-used-childrens-personal-information-advertising</a>.

<sup>&</sup>lt;sup>14</sup> Press Release, Fed. Trade Comm'n, FTC to Crack Down on Companies that Illegally Surveil Children Learning Online (May 19, 2022), <a href="https://www.ftc.gov/news-events/news/press-releases/2022/05/ftc-crack-down-companies-illegally-surveil-children-learning-online">https://www.ftc.gov/news-events/news/press-releases/2022/05/ftc-crack-down-companies-illegally-surveil-children-learning-online</a>. The FTC recently alleged in a lawsuit enforcing the Rule against TikTok that the company conditioned access on collecting more information than necessary to participate in the online site or service in violation of 16 C.F.R. § 312.7.

<sup>&</sup>lt;sup>15</sup> Press Release, Fed. Trade Comm'n, FTC Files Amicus Brief Saying COPPA Can't Force Parents Into Arbitration (Aug. 19, 2024), <a href="https://www.ftc.gov/news-events/news/press-releases/2024/08/ftc-files-amicus-brief-saying-coppa-cant-force-parents-arbitration">https://www.ftc.gov/news-events/news/press-releases/2024/08/ftc-files-amicus-brief-saying-coppa-cant-force-parents-arbitration</a>; Press Release, Fed. Trade Comm'n, FTC Files Brief in Jones v. Google in Support of Appeals Court Ruling that COPPA Does Not Preempt Plaintiffs' State Privacy Claims (May 22, 2023), <a href="https://www.ftc.gov/news-events/news/press-releases/2023/05/ftc-files-brief-jones-v-google-support-appeals-court-ruling-coppa-does-not-preempt-plaintiffs-state">https://www.ftc.gov/news-events/news/press-releases/2023/05/ftc-files-brief-jones-v-google-support-appeals-court-ruling-coppa-does-not-preempt-plaintiffs-state</a>.

communications, which facilitated online harassment, abuse, and predation. <sup>16</sup> The FTC also brought its first case challenging unsubstantiated AI child safety claims against a provider of an anonymous messaging app that exposed children and teens to cyberbullying and harassment, and obtained a ban against offering anonymous messaging apps to minors. <sup>17</sup> Through these actions, the Commission sent a clear message that it will use its tools and authorities to combat illegal business practices that harm children online, even if they do not fall under the purview of COPPA.

In addition to its law enforcement initiatives, the FTC undertook efforts to examine issues impacting children and teens online. It published a report detailing the findings of a 6(b) study examining the data practices of large social media and video streaming services, finding that the platforms failed to adequately protect kids and teens online. Looking to new developments in online advertising, the Commission held a workshop on kids and stealth advertising in digital media. A staff paper described takeaways from the workshop, noting the importance of clearly separating advertising from entertainment and educational content to limit potential harms to children. Most recently, the Commission announced a workshop to examine the use of design features on digital platforms aimed at keeping kids and teens online. These efforts have been critical in exposing and understanding potential harms and risks impacting children and teens online.

As technology continues to develop at a swift pace, and risks to privacy along with it, the FTC must continue to build on the strong foundation that it has laid over the past three years to vigorously protect kids and teens online.

Of course, while the Commission should faithfully administer its enforcement obligations under COPPA, further protections for kids' privacy are much needed. I welcome the extensive efforts underway in Congress to legislate additional protections for young people online.

I am deeply grateful to staff in the Division of Privacy and Identity Protection for their excellent and thoughtful work in crafting the amendments announced today, and to staff

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<sup>&</sup>lt;sup>16</sup> Fortnite press release, *supra* note 9.

<sup>&</sup>lt;sup>17</sup> Press Release, Fed. Trade Comm'n, FTC Order Will Ban NGL Labs and its Founders from Offering Anonymous Messaging Apps to Kids Under 18 and Halt Deceptive Claims Around AI Content Moderation (July 9, 2024), <a href="https://www.ftc.gov/news-events/news/press-releases/2024/07/ftc-order-will-ban-ngl-labs-its-founders-offering-anonymous-messaging-apps-kids-under-18-halt">https://www.ftc.gov/news-events/news/press-releases/2024/07/ftc-order-will-ban-ngl-labs-its-founders-offering-anonymous-messaging-apps-kids-under-18-halt</a>.

<sup>&</sup>lt;sup>18</sup> Press Release, Fed. Trade Comm'n, FTC Staff Report Finds Large Social Media and Video Streaming Companies Have Engaged in Vast Surveillance of Users with Lax Privacy Controls and Inadequate Safeguards for Kids and Teens (Sept. 19, 2024), <a href="https://www.ftc.gov/news-events/news/press-releases/2024/09/ftc-staff-report-finds-large-social-media-video-streaming-companies-have-engaged-vast-surveillance">https://www.ftc.gov/news-events/news/press-releases/2024/09/ftc-staff-report-finds-large-social-media-video-streaming-companies-have-engaged-vast-surveillance</a>.

<sup>&</sup>lt;sup>19</sup> Press Release, Fed. Trade Comm'n, FTC to Hold Virtual Event on Protecting Kids from Stealth Advertising in Digital Media (May 19, 2022), <a href="https://www.ftc.gov/news-events/news/press-releases/2022/05/ftc-hold-virtual-event-protecting-kids-stealth-advertising-digital-media">https://www.ftc.gov/news-events/news/press-releases/2022/05/ftc-hold-virtual-event-protecting-kids-stealth-advertising-digital-media</a>.

<sup>&</sup>lt;sup>20</sup> Press Release, Fed. Trade Comm'n, FTC Staff Paper Details Potential Harms to Kids from Blurred Advertising, Recommends Marketers Steer Clear, (Sept. 14, 2023), <a href="https://www.ftc.gov/news-events/news/press-releases/2023/09/ftc-staff-paper-details-potential-harms-kids-blurred-advertising-recommends-marketers-steer-clear.">https://www.ftc.gov/news-events/news/press-releases/2023/09/ftc-staff-paper-details-potential-harms-kids-blurred-advertising-recommends-marketers-steer-clear.</a>
<sup>21</sup> I am grateful to Commissioner Bedoya for representing the FTC at the White House's Kids Online Health and Safety Taskforce and his contributions to its Report on Safer Social Media and Online Platform Use for Youth. <a href="https://www.samhsa.gov/mental-health/children-and-families/kids-online-health-safety-task-force/safe-internet-use-report">https://www.samhsa.gov/mental-health/children-and-families/kids-online-health-safety-task-force/safe-internet-use-report</a>.

throughout the agency for their efforts to protect the safety and privacy of America's children and teens. Many thanks as well to the thousands of people who submitted public comments to the FTC as we sought feedback on the COPPA Rule, input that informed and improved the final amendments. <sup>22</sup>

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<sup>&</sup>lt;sup>22</sup> The Commission received more than 175,000 comments in response to the 2019 Rule Review Initiation, including from consumer advocacy groups, content creators, business representatives, academics, technologists, members of Congress, and other individual members of the public. The Commission received 279 unique responsive comments after it published its Notice of Proposed Rulemaking in January 2024.