

**Statement of FTC Chairman Jon Leibowitz**  
**Updated FTC COPPA Rule**  
**December 19, 2012**  
**(As Prepared for Delivery)**

At the Federal Trade Commission we take seriously our mission to protect the privacy of all consumers, but we take special care discharging our duty to safeguard the privacy of the most vulnerable members of our society—first and foremost among them, our nation’s children. Several of my colleagues, Commissioners Ramirez, Brill, and Ohlhausen, who join in this critical mission, are here with us today.

In 1998, Congress came together in a bipartisan manner to enact the Children’s Online Privacy Protection Act, or COPPA. We are pleased to be here today with several of COPPA’s key architects and leaders on children’s privacy: Chairman Rockefeller, Congressman Joe Barton, Congressman Ed Markey, and Senator Pryor. We are also joined by leaders from industry and the public interest community who helped us craft—and strongly support—this Rule: among them Lee Peeler of the Council of Better Business Bureaus, Richard Bates of the Walt Disney Company, and April Delaney of Common Sense Media. Not able to be here today, but instrumental in COPPA from Day 1 – and before – are Jeff Chester and Kathryn Montgomery.

Congress enacted COPPA to protect children and foster innovation on the Internet—for while the Internet, now just as then, unleashes innovation, strengthens the economy, and brings together members of society in new and meaningful ways, it needs to do so without undermining the personal privacy of children.

With COPPA, Congress declared that parents should be the gatekeepers who get to decide whether or not to let others collect personal information from their children online, while also ensuring that parents would be given clear and accurate information about online practices. Congress provided the framework and left to the FTC the important task of implementing and updating the specific Rules.

As all of us recognize, time works changes, and the Internet of 2012 is vastly different from the Internet of more than a decade ago, when we first issued the COPPA Rule. Since then, we have seen the rise of smartphones, tablets, social networks, and more than a million apps. And while all of these advances have enriched our lives, enhanced educational opportunities, and grown our economy, they also exacerbate the privacy risks to children. Just last week, we released our second “Mobile Apps for Kids” report, which suggested that many mobile apps geared toward children collect personal information without making ANY disclosures to children or parents.

Because let's be honest: some companies, especially some ad networks, have an insatiable desire to collect information, even from kids.

Our children deserve better, and our great American technology companies understand that they can do better.

And they will.

Today, we bring critical change to the Rule, by broadening and clarifying the obligations imposed by COPPA on companies to empower parents to serve as their children's gatekeepers to the online world. Let me highlight several changes:

First, we expand the list of "personal information," the collection of which triggers COPPA responsibilities, to clarify that it includes geolocation information, photographs, and videos. This is an important clarification, because this kind of information can be used by those who would cause physical harm to children; and COPPA protects privacy not merely for privacy's sake, but because privacy helps keep our children safe.

We also extend the Rule to cover persistent identifiers like IP addresses and mobile device IDs, which could be used to build massive profiles of children by behavioral marketers.

Second, while most companies take their COPPA responsibilities seriously, we close a loophole that allowed apps and websites to permit third parties to collect personal information from our children—through plug-ins—in ways that

they could not have done themselves without parental consent. And we extend coverage in some of those cases to the third parties doing the collection too, requiring them to comply with COPPA's modest requirements before collecting personal information from kids.

But on this issue, the final Rule represents a meaningful narrowing from the Rule we proposed earlier. After hearing from dozens of commenters, we extend COPPA only to third parties with "actual knowledge" of the child-directed nature of the site from which they are collecting personal information.

Third, not only are we expanding the list of acceptable methods of parental consent to include modern technologies like video conferencing, but we are also encouraging companies to create additional simple, low cost, and effective means of obtaining parental consent. We recognize the need to avoid locking our dynamic tech industries into rigid alternatives. Thus, we offer a streamlined approval process for new consent mechanisms. We expect that this will unleash innovation around consent mechanisms; and we are confident that some of our country's brilliant technologists will rise to the challenge and create new, flexible, easy-to-use processes for giving parents the notice and control they yearn for and deserve.

In making these, and other, changes, we are grateful to industry, children's advocates, and other members of the public who contributed comments and met

with us to help develop these Rules in a collaborative, open, and empirically grounded way.

Let me commend also the members of the FTC staff who spent countless hours to put this new Rule together, several of whom are present today, including Mary Engle of our Ad Practices Division. Many of us who worked on COPPA are at the same time parents, avid users of the Internet, citizens, and civil servants.

Just like you, we want a Rule that will protect innovation, and we think we have crafted one. Just like you, we want a Rule that will foster safe and vibrant spaces for children that are beneficial for learning and growth without creating a sanitized version of the Internet for older kids and adults, and we think we have struck that balance. Just like you, we want a Rule that will support diverse and free services online, and we think we are offering one today.

And, let's be clear about one thing: under this Rule, advertisers and even ad networks can continue to advertise, even on sites directed to children. Business models that depend on advertising will continue to thrive. The only limit we place is on behavioral advertising, and in this regard our Rule is simple, effective, and straightforward: until and unless you get parental consent, you may not track children to build massive profiles for behavioral advertising purposes. Period.

COPPA covers only a small sliver of the Internet, those sites directed to children or which knowingly collect personal information from children. But this is

an important sliver, a small, Congressionally-mandated oasis sheltering personal privacy, one in which websites must respect the privacy of the most vulnerable and precious among us, by allowing parents the tools they need to watch their children online, but in a way that supports letting the Internet continue to serve as a wellspring of vibrant, rich, social, and interactive environments and content for children and adults alike.

Thank you. I can't tell you how honored I am to be here today with COPPA's original architects and the staff of the FTC who have worked so hard to implement your vision.