

JUNE 11, 2013

TO: ALL CREDIT UNIONS

FROM: COMPLIANCE & REGULATORY AFFAIRS

SUBJECT: AMENDMENTS TO THE CHILDREN'S ONLINE PRIVACY PROTECTION ACT
EFFECTIVE: JULY 1, 2013

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Main Idea:	<p>The Children's Online Privacy Protection Act (COPPA) regulates the collection, use, and/or disclosure of personal information obtained directly from children under 13 years old. The Federal Trade Commission (FTC) is the agency that administers COPPA, and its original COPPA regulations took effect in April 2000. The FTC recently amended its COPPA regulations, according to CUNA, "to clarify its scope and strengthen some of its regulations."</p> <p>Credit unions should have appropriate personnel and outside service providers to review the amended rule in its entirety.</p>
Effective:	July 1, 2013
Regulation:	<p>COPPA is found in the U.S. Code at 15 U.S.C. 6501 through 6506, which can be found online here.</p> <p>The FTC's regulations are at 16 CFR 312.1, which can be found online here. The amendments will not appear in these regulations until the effective date of the rule, so until then, financial institutions should review the final rule published in the federal register, which is available online here.</p>
Coverage:	<p>The amendments, among other things, expand the scope of the COPPA regulation's coverage:</p> <p>According to the FTC's COPPA compliance FAQs (for which a link is provided below), COPPA, as of July 1, 2013, "applies to</p> <p>[1] operators of commercial Web sites and online services (including mobile apps) <i>directed to</i> children under 13 that</p>

	<p>collect, use, or disclose personal information from children</p> <p>[2] operators of general audience Web sites or online services <i>with actual knowledge that</i> they are collecting, using, or disclosing personal information from children under 13 . . . [and]</p> <p>[3] web sites or online services that have actual knowledge that they are collecting personal information directly <i>from users of another Web site or online service</i> directed to children.”</p> <p>Under the amended rule, the operators must consider information-collection practices of any integrated outside services, such as plug-ins or advertising networks.</p> <p>The same FAQs provide the following explanation of what constitutes “personal information” under the amended rule:</p> <p>The amended Rule defines personal information to include:</p> <ul style="list-style-type: none"> • First and last name; • A home or other physical address including street name and name of a city or town; • Online contact information; • A screen or user name that functions as online contact information; • A telephone number; • A social security number; • A persistent identifier that can be used to recognize a user over time and across different Web sites or online services; • A photograph, video, or audio file, where such file contains a child’s image or voice; • Geolocation information sufficient to identify street name and name of a city or town; or • Information concerning the child or the parents of that child that the operator collects online from the child and combines with an identifier described above.
Overview:	<p>The FTC’s COPPA compliance FAQs (for which a link is provided below) summarizes COPPA’s requirements as follows:</p> <p>Operators covered by the Rule must:</p> <ol style="list-style-type: none"> 1. Post a clear and comprehensive online privacy policy describing their information practices for personal information collected online from children; 2. Provide direct notice to parents and obtain verifiable parental consent, with limited exceptions, before collecting personal information online from children;

	<ol style="list-style-type: none"> 3. Give parents the choice of consenting to the operator’s collection and internal use of a child’s information, but prohibiting the operator from disclosing that information to third parties (unless disclosure is integral to the site or service, in which case, this must be made clear to parents); 4. Provide parents access to their child's personal information to review and/or have the information deleted; 5. Give parents the opportunity to prevent further use or online collection of a child's personal information; 6. Maintain the confidentiality, security, and integrity of information they collect from children, including by taking reasonable steps to release such information only to parties capable of maintaining its confidentiality and security; and 7. Retain personal information collected online from a child for only as long as is necessary to fulfill the purpose for which it was collected and delete the information using reasonable measures to protect against its unauthorized access or use. <p>According to the same FAQs, the amendments (in addition to expanding the scope of activity and information covered by the rule) do the following things:</p> <p>The final Rule amendments, among other things:</p> <p>...</p> <ul style="list-style-type: none"> • Streamline and clarify the direct notice requirements to ensure that key information is presented to parents in a succinct “just-in-time” notice; • Expand the non-exhaustive list of acceptable methods for obtaining prior verifiable parental consent; • Create new exceptions to the Rule’s notice and consent requirements; • Strengthen data security protections; • Require reasonable data retention and deletion procedures; • Strengthen the Commission’s oversight of self-regulatory safe harbor programs; and • Institute voluntary pre-approval mechanisms for new consent methods and for activities that support the internal operations of a Web site or online service.
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Further Research:	<p>The FTC has a COPPA compliance page for businesses, which is available here, as well as a set of FAQs related to COPPA compliance. The FAQs, which are available here, have been updated with information about the amendments that go into effect July 1, 2013.</p> <p>CUNA's Compliance E-Guide addresses COPPA here, and CUNA has published a "COPPA Compliance Chart" that outlines the amendments that take effect on July 1, 2013. That chart is available here.</p> <p>The League's online compliance manual has some additional resources on COPPA. It is available online here.</p>
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