

## PRIVACY DISCUSSION DRAFT EXECUTIVE SUMMARY

Broadband networks are a primary driver of the national economy, and it is fundamentally in the nation's interest to encourage their expanded use. One clear way Congress can promote greater use of the Internet is to assure individuals a high degree of privacy protection, including transparency about the collection, use and sharing of information about them, and to give them control over that collection, use and sharing, both online and offline.

A set of meaningful privacy protections for Internet users will be particularly important as a means of encouraging the trend toward cloud computing.

Online advertising supports much of the commercial content, applications and services that are available on the Internet today without charge, and this legislation will not disrupt this well established and successful business model. It simply extends to consumers these baseline privacy protections:

**Disclosure of privacy practices:** Any company that collects personally identifiable information about individuals must conspicuously display a clearly-written, understandable privacy policy that explains how information about individuals is collected, used and disclosed.

**Collection and use of information:** As a general rule, companies may collect information about individuals unless an individual affirmatively opts out of that collection. Opt-out consent also applies when a website relies upon services delivered by another party to effectuate a first party transaction, such as the serving of ads on that website.

No consent is required to collect and use operational or transactional data—the routine web logs or session cookies that are necessary for the functioning of the website—or to use aggregate data or data that has been rendered anonymous.

Companies need an individual's express opt-in consent to knowingly collect sensitive information about an individual, including information that relates to an individual's medical records, financial accounts, Social Security number, sexual orientation, government-issued identifiers and precise geographic location information.

**Disclosure of information to unaffiliated parties:** An individual has a reasonable expectation that a company will not share that person's information with unrelated third parties. If a company wants to share an individual's personally-identifiable information with unaffiliated third parties other than for an operational or transactional purpose, the individual must grant affirmative permission for that sharing.

Many websites work with third-party advertising networks, which collect information about a person or an IP address from numerous websites, create a profile and target ads based on that profile. The bill creates an exception to the opt-in consent requirement for third-party information sharing by applying opt-out consent to the sharing of an individual's information with a third-party ad network if there is a clear, easy-to-find link to a webpage for the ad network that allows a person to edit his or her profile, and if he chooses, to opt out of having a profile, provided that the ad network does not share the individual's information with anyone else.

**Implementation and enforcement:** The Federal Trade Commission would adopt rules to implement and enforce the measure. States may also enforce the FTC's rules through State attorneys general or State consumer protection agencies.