

CALIFORNIA PRIVACY PROTECTION AGENCY

TITLE 11. LAW

DIVISION 6. CALIFORNIA PRIVACY PROTECTION AGENCY

CHAPTER 3. DATA BROKER REGISTRATION

NOTICE OF PROPOSED RULEMAKING

Notice published April 25, 2025

Subject Matter of Proposed Regulations: Accessible Deletion Mechanism

Sections Affected: California Code of Regulations (CCR), title 11, sections 7601, 7602, 7603, 7604, 7610, 7611, 7612, 7613, 7614, 7615, 7616, 7620, 7621, and 7622.

The California Privacy Protection Agency (Agency) proposes to amend and adopt the proposed regulations, described below, after considering all comments, objections, and recommendations regarding the proposed action.

PUBLIC HEARING

The Agency will hold a public hearing to provide all interested persons an opportunity to present oral or written statements or arguments with respect to the proposed regulations:

Date: Tuesday, June 10, 2025
Start Time: 1:00 p.m. Pacific Time
Location: Cannabis Control Appeals Panel Hearing Room
400 R Street, Suite 330
Sacramento, CA 95811

To join this hearing by virtually by online video platform:

<https://cppa-ca-gov.zoom.us/j/82931499886>

Or telephone:

USA (216) 706-7005 US Toll
USA (866) 434-5269 US Toll-free
Conference code: 682962

Please contact Candice Sanders at regulations@cppa.ca.gov or (916) 642-7558 by 4:30 p.m. on Tuesday, June 3, 2025, if reasonable accommodations are necessary.

The hearing will proceed on the date noted above until all testimony is submitted or until 3:00 p.m., whichever is later. At the hearing, any person may present oral or written statements or arguments relevant to the proposed action. Participants will be given instructions on how to provide oral comment once they have accessed the hearing. The Agency requests, but does not

require, that persons who make oral comments at the hearing also submit a written copy of their testimony at, or immediately following, the hearing via email to regulations@coppa.ca.gov.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments relevant to the proposed regulatory action. The written comment period closes on June 10, 2025, at 5:00 p.m. Pacific Time. Only written comments received by that time will be considered. Within your comment, please indicate the proposed rulemaking action to which your comment refers to at the top of the page:

Please submit written comments to:

EMAIL: regulations@coppa.ca.gov

Please include “Public Comment on Accessible Deletion Mechanism” in the subject line.

MAIL: California Privacy Protection Agency
Attn: Legal Division – Regulations Public Comment
400 R Street, Suite 350
Sacramento, CA 95811

Written and oral comments, attachments, and associated contact information (e.g., address, phone, email, etc.) become part of the public record and will be posted on our public website: https://coppa.ca.gov/regulations/ccpa_updates.html

AUTHORITY AND REFERENCE

Authority: Section 1798.99.87, Civil Code.

Reference: Sections 1798.99.80, 1798.99.81, 1798.99.82, and 1978.99.86, Civil Code.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Summary of Existing Laws and Effect of the Proposed Action

On October 10, 2023, the Governor signed Senate Bill 362 (SB 362), also known as the Delete Act, into law. The Delete Act provides a platform for consumers to delete data indirectly collected about them from data brokers. Under the law, the Agency must maintain a public informational internet website providing data brokers’ registration information (Data Broker Registry). In addition, the Agency must establish, maintain, and provide access to an accessible deletion mechanism that allows a consumer, through a single verifiable request, to request that every data broker in the Data Broker Registry delete any non-exempt personal information related to that consumer held by the data broker or associated service provider or contractor.

Civil Code section 1798.99.87 subdivision (a) provides that the Agency may adopt regulations to implement the Delete Act.

The Agency is developing the accessible deletion mechanism—referred to as the Delete Request and Opt-Out Platform (“DROP”)—and through this rulemaking action is proposing to amend existing, and adopt additional, regulations to implement the DROP as required by the Delete Act. Specifically, the Agency proposes amending sections 7601, 7602, 7603, 7604 and adopting sections 7610, 7611, 7612, 7613, 7614, 7615, 7616, 7620, 7621, 7622 of Division 6, of Title 11, of the California Code of Regulations.

The proposed changes to existing regulations would amend the titles of Chapter 3 and Article 2 of Chapter 3 by adding “and Accessible Deletion Mechanism” to Chapter 3’s title and “DEFINITIONS AND” to Article 2’s title to accurately reflect the content. The proposed changes would make the definitions apply to Chapter 3 of the regulations, revise existing and add additional defined terms, remove the phrase “or obtaining information about,” and renumber the section to account for the inclusion of the additional defined terms. The proposed amendments would require data brokers to create a DROP account if they have operated as a data broker during the prior year.

The proposed changes to existing regulations would add “and this Chapter” to the requirement to provide true and correct responses when submitting registration information. The proposed changes would require data brokers to confirm that the information in its DROP account is correct or update the entries with correct information as part of registration, as well as no longer require a data broker to provide certain information as part of registration. The proposed changes would streamline the registration process for data brokers, integrate it into the DROP system required under Civil Code section 1798.99.86, remove language indicating that data brokers can contact the Agency electronically in writing to update certain registration information and instead would require them to update this information through their DROP account.

In addition to amending existing regulations, the changes would include adopting newly proposed regulatory sections. The proposed regulations would require data brokers to create a DROP account and provide the process and requirements for creating and maintaining an account. Data brokers would be required to establish a login username and password and maintain its account security by restricting access to its account credentials, the DROP, and information from the DROP to only persons authorized to act on the data broker’s behalf. The proposed regulations would require a data broker to inform the Agency in writing if an unauthorized actor uses the data broker’s account or there is a security breach related to the data broker’s account, the DROP, or information derived from the DROP. The proposed regulations would include a provision making a data broker responsible for all actions taken through its DROP account. The proposed regulations would require data brokers to provide their business name, applicable trade names, a point of contact for the Agency, public-facing contact information including email and phone number, public-facing website address(es), and

the data broker's applicable Employer Identification Number, Taxpayer Identification Number, or social security number of the business.

The proposed regulations would require a data broker to select at least one deletion list through the DROP, provide the requirements for selecting deletion lists, and allow data brokers to subsequently change the deletion lists it has selected to ensure the highest number of matches. The proposed regulations would allow data brokers to select consumer deletion lists once every 45 days.

The proposed regulations would provide the general requirements for creating a DROP account for data brokers that begin operating as a data broker after the annual registration period ends and before the next annual registration period. The proposed regulations would require a business that begins acting as a data broker to create an account, access the DROP within 45 days, pay a first-time fee for accessing the DROP, and register as a data broker the year after it begins operating as a data broker. Although the Agency's establishment of fees is exempted from the Administrative Procedure Act, the rulemaking package includes for efficiency a section that would establish access fees calculated by prorating the registration fee by based on the month that the data broker accesses the DROP for the first time and includes an associated third-party processing fee, which it seeks to have filed and printed within its adopted regulations.

The proposed regulations would impose general requirements for accessing the DROP through manual or automated means. Data brokers would be required to access the DROP to download deletion lists at least every 45 days manually or through automated means, notify the Agency if it is unable to download the lists, and only download new or amended requests, unless certain criteria are met.

The proposed regulations would establish requirements for processing deletion requests, deleting consumers' personal information, maintaining personal information, and directing service providers and contractors to delete personal information. Data broker would be required to evaluate whether the data broker has personal information about a consumer after standardization of the information in the data broker's records. The proposed regulations would require a data broker to use the same hashing algorithm the Agency's uses in the consumer deletion list to hash the consumer personal information within the data broker's records. The proposed regulations would require a data broker to determine if there is a matched identifier or, if using multiple identifiers, if more than 50% of the unique identifiers match with the same consumer record in the data broker's records. If a match occurs, the proposed regulations would require all personal information be deleted, unless one of the exceptions contained in the regulations applies. The proposed regulations would clarify what it means to delete personal information and that archived or backup systems do not have to be deleted unless they are active or accessed for commercial purposes. Data brokers would also be required to direct service providers and contractors to also delete the same information. The proposed regulations would also require a data broker to maintain personal information that is

not matched to information currently in the data brokers records to comply with the consumer's deletion request on an ongoing basis.

The proposed regulations would provide the general requirements for reporting the status of a consumer's DROP deletion request, including the acceptable format of the status report and response codes to be used when reporting status report. The proposed regulations would require a data broker to report the status of every deletion request received during its previous DROP access session at the beginning of its next DROP access session.

The proposed regulations would establish the process for businesses that are no longer operating as a data broker to stop accessing the DROP, which includes providing notice to the Agency of why it no longer meets the definition of data broker, deleting personal information provided to the business through the DROP within a specified time period, and deactivating its DROP account. A data broker would also be required to reactivate their DROP account before operating as a data broker in the future.

The proposed regulations would allow information received through a consumer deletion to be used only for complying with legal requirements, require data brokers to implement and maintain reasonable practices to protect consumer personal information, and prohibit data brokers from contacting a consumer to verify their identity for a DROP deletion request.

The proposed regulations would also provide the general requirements for consumers submitting a DROP deletion request. The proposed regulations would clarify the residency requirements to be eligible to submit a request through the DROP, personal information that may be added to a request, consent requirements, and the requirements to cancel or amend a request. The proposed regulations would also include the requirements for authorized agents to help a consumer submit a DROP deletion request, as well as restrictions applicable to an authorized agent to amend or cancel a consumer's deletion request. The proposed regulations would also allow the Agency to require residence verification and provide a process for a consumer to request review of the Agency's residency classification within a specified timeframe. Finally, the proposed regulations would utilize the Franchise Tax Board's definition of "resident" when determining whether a consumer is a California resident for purposes of submitting a deletion request.

Objectives and Anticipated Benefits of the Proposed Regulations:

The primary objective of the proposed regulations is to further the state's interest in protecting consumer privacy by allowing consumers the ability to request deletion of their personal information maintained by data brokers while empowering consumers to exercise their rights efficiently and in a more informed manner. Additional objectives of the proposed regulations are to increase business efficiencies for consumers requesting deletion of their personal information and for data broker businesses in complying with delete requests, providing greater transparency to consumers about businesses holding their personal information, and

increasing the ability of consumers to access a method for requesting deletion of their personal information even if they do not know what businesses hold such information.

The proposed regulations provide a number of significant benefits to Californians, including both monetary and nonmonetary benefits. Despite the inability to translate the primary benefits of the proposed regulations into a monetary figure, they have widespread and profound societal benefits that further the purposes of the Delete Act and honor the long history of privacy rights and business innovation in California. These important benefits include increased transparency and consumer control over personal information; reduced incidences of unauthorized actions related to personal information and harm to consumers; and business efficiencies and operational improvements.

The proposed regulations empower consumers to exercise their rights efficiently and in a more informed manner. Specifically, they address a gap in the protection of consumers' privacy rights. Data brokers may not always collect information from consumers directly, thus, data brokers are able to obfuscate their identity to consumers, leaving consumers disadvantaged in exercising their rights over their personal information. The proposed regulations create and implement a mechanism that allows consumers to delete their personal information from every data broker registered with the Agency that did not collect the information from the consumer. The proposed regulations also protect consumer privacy by limiting the information provided by authorized agents assisting consumers with delete requests and standardizing the personal information necessary to effectuate a deletion request. In addition, the proposed regulations protect consumers by requiring identification of the authorized agent acting on behalf of the consumer and requiring express authorization from the consumer for certain actions.

The proposed regulations also increase business efficiencies and consumer accessibility by providing clarity about how data brokers, authorized agents, and consumers must interface with the DROP. The proposed regulations help the data broker industry by centralizing and standardizing all delete requests into a consistent process and format. Data brokers will receive the deletion request of every consumer through the DROP, which will allow them to utilize automated means to process the requests, rather than requiring them to process individual consumer requests through separate e-mail correspondences or manually. Additionally, the proposed regulations clarify to consumers how to exercise their deletion rights through the DROP, which will result in data brokers receiving requests that include the types of personal information a data broker needs to determine if the data broker has personal information about the consumer in their records.

Comparable Federal Regulations:

There are no existing federal regulations or statutes comparable to these proposed regulations.

Determination of Inconsistency/Incompatibility with Existing State Regulations:

As required by Government Code section 11346.5, subdivision (a)(3)(D), the Agency has conducted a careful evaluation and has determined that the proposed regulations are not inconsistent or incompatible with existing state regulations.

Forms or Documents Incorporated by Reference:

None.

Other Statutory Requirements:

None.

DISCLOSURES REGARDING THE PROPOSED ACTION

The Agency has made the following initial determinations:

- Mandate on local agencies or school districts: None.
- Cost or savings to any state agency: The Agency's staff workload associated with managing the DROP and data broker registration and fees under these regulations can be absorbed by existing staff. The Agency has accounted for the fiscal costs of implementing the DROP system through a Department of Finance approved Budget Change Proposal for fiscal year 2025/26. Ongoing fiscal costs to maintain the DROP will be covered by the data broker fees. The proposed regulations are not expected to have any fiscal impact on any other state agencies.
- Cost to any local agency or school district which must be reimbursed in accordance with Government Code sections 17500 through 17630: None.
- Other non-discretionary costs or savings imposed on local agencies: None.
- Cost or savings in federal funding to the state: None.
- Significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states: None.
- Cost impacts on representative private person or business: As most of the costs stem from statutory requirements to develop and use the DROP, the regulatory costs are estimated for a typical business to be \$719 in initial costs and \$2,809 in ongoing annual costs while small businesses will incur \$599 in initial costs and \$1,873 in ongoing annual costs. The Agency found no cost impact on consumers.

- Effect on housing costs: None.
- Business report requirement: The proposed regulations would require businesses to submit the status of delete requests as required by statute. It is necessary for the health, safety, and welfare of the people of the state that the regulation apply to businesses.
- Small business determination: The proposed regulations would apply to approximately 496 data brokers of which approximately 270 are estimated to be small businesses.

Results of the Economic Impact Assessment

The Agency has conducted an economic impact assessment and concluded:

- Creation or Elimination of Jobs: Although the number of jobs created or eliminated is unknown, it is possible that information technology jobs may be created to support implementation or eliminated if data brokers cease operations instead of coming into compliance with the proposed regulations.
- Creation of New Businesses or Elimination of Existing Businesses: Although the number of new businesses created or eliminated is unknown, it is possible that businesses may cease engaging in data broker activities. It is also possible that businesses that assist with Delete Act compliance may be created.
- Expansion of Businesses: Data brokers and information technology consultations may expand their businesses.
- Worker Safety: The proposal would not benefit worker safety as the provisions do not pertain to, nor impact, worker safety.
- Environment: The proposal would not benefit the state's environment as the provisions do not pertain to, nor will impact, the state's environment.
- Health, Safety and Welfare: The proposal would benefit the health, safety, and welfare of California residents by promoting the privacy of consumer personal information and increasing compliance with the information statutorily required to be deleted by data brokers. Data brokers will benefit from clarity about how to comply with the requirements of the Delete Act, including use of the DROP. Consumers will benefit from a more efficient means of opting out of the sharing or sale of their personal information; ultimately allowing consumers to be more informed when implementing their privacy rights.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), the Agency must determine that no reasonable alternative it considered or that has otherwise been identified

and brought to it attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law. The Agency invites interested parties to submit alternatives with respect to the proposed regulations.

CONTACT PERSONS

Inquiries concerning the proposed administrative action may be directed to:

Candice Sanders
California Privacy Protection Agency, Legal Division
400 R Street, Suite 350
Sacramento, CA 95811
(916) 642-7558
regulations@coppa.ca.gov

In the event the contact person is unavailable, inquiries regarding the proposed action may be directed to the following backup contact person:

Rianna Grenda
California Privacy Protection Agency, Legal Division
400 R Street, Suite 350
Sacramento, CA 95811
(279) 400-3449
Rianna.Grenda@coppa.ca.gov

AVAILABILITY OF STATEMENT OF REASONS, TEXT OF PROPOSED REGULATIONS, AND RULEMAKING FILE

The Agency will make the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this Notice is published in the Notice Register, the rulemaking file consists of the Notice of Proposed Action, the proposed text of the regulations (express terms), the Initial Statement of Reasons, and the STD. 399. Please direct requests to inspect or copy the rulemaking file to the contact person(s) listed above. The regulations as well as all related documents upon which the proposal is based (rulemaking file) are on file and available for public review from the Agency representative listed above.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After considering all timely and relevant comments, the Agency may adopt the proposed regulations substantially as described in this Notice. If the Agency makes modifications which

are sufficiently related to the originally proposed text, it will make the modified text, with the changes clearly indicated, available to the public for at least 15 days before the Agency adopts the regulations, as modified. Please direct requests for copies of any modified regulations to the contact person listed above. The Agency will accept written comments on the modified regulations for 15 days after the date on which they are made available.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, a copy of the Final Statement of Reasons available. Please direct requests for copies to the contact person(s) listed above.

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of this Notice of Proposed Action, the text of the regulations (express terms) with modifications highlighted, and the Initial Statement of Reasons, as well as the Final Statement of Reasons, when completed, and modified text and notices thereof, if any, may be accessed via the Agency's website at <https://cppa.ca.gov/regulations/drop.html>.