



CMP.LY, Inc.  
104 West 29<sup>th</sup> Street  
11<sup>th</sup> Floor  
New York, NY 10001  
<http://cmp.ly>

February 21, 2011

Federal Trade Commission  
Office of the Secretary  
Room H-113  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Re: Federal Trade Commission Report: *Protecting Consumer Privacy in an Era of Rapid Change: A Proposed Framework for Business and Policymakers*

CMP.LY, Inc. commends the Federal Trade Commission on the work and thought that has gone into this report and the proposed framework for protecting consumer privacy. We are honored to be able to comment and offer our perspectives on these important issues.

## **I. Summary**

CMP.LY was formed to address the challenges of complex disclosure requirements in a simplified and standardized manner. CMP.LY's iconic representations are currently used to disclose material connections under the FTC Guidelines for Testimonials and Endorsements across multiple forms of digital media including blogs, web pages and, in particular, in short form messages such as tweets and social network status updates. CMP.LY addresses the compliance needs of businesses and advertisers with a dynamic and innovative approach that uses clear and identifiable disclosure statements and provides a system of verification to document process for regulatory compliance.

Within CMP.LY, common disclosures are represented by a URL or badge-based iconic reference (for example: <http://cmp.ly/4> or <http://cmp.ly/business> would indicate that a business relationship exists between the author and subject). Linked disclosures

# CMP.LY

include standardized language that is intended to provide a layman's description of the disclosed relationship, including simple bulleted lists of common uses of that particular disclosure code written in plain English. In addition, a unique reference can be appended to that disclosure with a unique URL (for example: the web page at <http://cmp.ly/4/v4qlkq> indicates that I am a co-founder of CMP.LY and provides additional notes). These references can be included directly in the body of a tweet or short-form message to indicate a specific disclosure in relatively few characters.



## Use CMP.LY/1 when:

- Your post is based upon a review copy or sample
- You have not been paid to review or post about the topic
- You were given an item related to the topic of your post

## Notes

- You may receive unrelated payment for your content
- Disclosure relates to connections that would influence you
- CMP.LY/1 applies to reviews of books, software, CDs, etc.

Additionally, CMP.LY provides badge-based icons, which indicate a disclosure in the context of a blog post or web site and link to full text disclosure with additional details. With both URL and badge-based solutions, a clear and conspicuous statement is presented within a standardized iconic compliance format that enables a reader to prima facie understand the context of the statement and to access additional information in regard to the disclosure.





In our commercial solution, an advertiser can maintain an audit trail documenting public notes along with terms and best practice guides defining their disclosure process for influencers. Influencers, employees and representatives can clearly indicate the nature of their relationship when a material connection exists and their acceptance of the disclosure policy is confirmed in a documented audit trail. All of the coded references can be tracked individually and monitored to confirm compliance with a stated policy. Additionally, an automated reporting tool generates alerts for influencer statements or posts that might be out of compliance.

In addition to our applications for disclosures of endorsements in social media and sponsored influencer conversations, CMP.LY is actively developing solutions to enable open and transparent communications for health and pharmaceutical marketing as well as for financial services disclosure requirements. CMP.LY's innovative approach to digital disclosure can be further expanded to enable clearer and more streamlined privacy mechanisms that are uniform and consistent, providing greater transparency and flexibility through standardized formats and terminology.

## **II. Privacy by Design**

Privacy by Design encourages companies to develop process and business practices within a culture of compliance. Privacy protections that are incorporated and baked in to business practices will have an effect throughout the lifecycle of products and services. Establishing standards and best practices would enable businesses to develop better privacy practices, and maintain uniformity that would provide consumers with more consistency across multiple products and platforms. Without standardized frameworks to rely upon, it is much more difficult for businesses to incorporate Privacy by Design, or to present privacy choices and information to consumers in a consistent manner.

### **III. Simplified and Streamlined Choices**

There is a need for clearer privacy policy statements and for platform interoperability of those statements. Privacy policies have become lengthy legal documents that are difficult to read and understand and it is seemingly impossible to compare data practices across companies. Choices are often buried in dense policies with pre-checked boxes that are not an effective means of obtaining meaningful, informed consent. Consumers are further challenged within social and mobile platforms by a lack of uniformity for privacy choices and by limitations of screen sizes to display policy information.

A method of standardized coding and iconic compliance can accomplish the stated goal to simplify, clarify and generally reduce the length of current privacy policy statements. Visual, human/machine readable and identifiable statements enable verification, evaluation & auditing against an established and standardized framework. Those statements can be coded and displayed using clear visual elements that are optimized across multiple devices and provide simple comparisons and permissions based upon common terminology. Display elements can include top-level detail for comparison as well as providing access to comprehensive detail in long-form views. Standardized privacy statements can be used to clearly state policies and enable technologies to negotiate and enhance privacy protections and consumer controls.

### **IV. Uniform Standards Enabling Transparent Data Practices**

By enabling standardized representations of simplified privacy policy statements, many of these issues could be addressed. Creating a system of universal icons and representations would present consumers with clearer notices and enable them to make more informed choices. Building the visual elements of such a program on a universal terminology standard would allow for application across multiple technologies, in ways that are not feasible with specific web, browser or cookie-based solutions. Notices and



privacy statements need to be text based, clear and concise in order to present effectively in mobile and social platforms. Uniformity across multiple platforms while maintaining integrity of the standard is key to interoperability across language, regulatory and platform applications (including print, digital, mobile and web media) and would allow for increased transparency and enforcement of informed choice for consumer protection. Much like traffic signs and highway safety warning placards, standards put in place today can serve as universal indicators and a foundation of clear rules of the road moving forward.

Machine-readable statements following a standardized framework would enable automation and uniform applications of privacy tools across platforms. The easiest way to implement this uniformity would be to leverage the benefits of iconic compliance and the standardization of simplified privacy policies in a manner that is flexible, clear and conspicuous and that is managed in a manner that is both low cost and low friction to consumers and businesses alike. With sufficient transparency and informed choice you can protect consumers and enable innovation.

## **V. Safe Harbor**

Safe harbors against enforcement action offer strong incentives in the form of protection and certainty for businesses complying with voluntary, enforceable codes of conduct. These safe harbors should be established by an open multi-stakeholder process including regulatory, NGO and industry perspectives, with a clear goal to provide adequate incentives for adoption of a proposed standard or framework.

Safe harbors should enable voluntary participation and adoption of a viable and balanced framework that is cost-effective and technically efficient. Such a method could include visual and machine-readable representations of standards based privacy policy statements and could be verified, evaluated and audited to determine whether further prescriptive regulatory action is required.



Safe harbors can be based upon accurate representation of privacy policy and data practices within a standardized framework, with misrepresentation or omission of accurate statements resulting in a lack of protection under the safe harbor. Such a system would provide a strong incentive to publishers, advertisers and data networks to provide open and transparent statements and visual representations for consumers to rely upon to make more informed decisions.

## **VI. Do Not Track**

There are significant benefits to consumers from the behavioral targeting of advertisements. Despite increased relevance and a higher likelihood of a particular ad providing a message of greater meaning and/or value to a particular consumer, increased conversion rates generated by targeted advertising result in businesses and publishers being able to provide greater access to content at a reduced cost or, most often, for free. This benefit extends far beyond the individual consumer, to society at large. Ad supported models have enabled Internet, mobile and social businesses to provide services and resources at little or no cost to consumers. Behavioral targeting and increased revenues from these programs have enabled the development of tools, resources, research and vast collections of content that are valuable to consumers.

Informed consumer choices are based upon open and transparent disclosures of data practices and the ability to understand, and compare, privacy policies and business practices in context. Technological solutions and education in the marketplace could address many of these concerns in a manner that focuses on highly incentivized and responsible data practices in conjunction with a safe harbor for businesses that accurately and openly represent their data practices in a standardized framework.

We believe that there are alternatives that exist and that can be developed to fit in between what is being presented in current self-regulatory efforts and the current framework of Do Not Track mechanisms. In an environment where publishers,



advertisers, data networks and consumers can make clear representations using standardized and common terminology, it would seem that Do Not Track mechanisms would become secondary to informed decisions based upon clearly disclosed policies and practices. In addition, users would not be forced to make categorical decisions while selecting and managing privacy preferences.

In a standardized system, policy statements and negotiations can be made in an open and transparent manner using lightweight technologies, enabling browsers, publishers and other third-parties to develop their own methods of addressing privacy concerns against a single standard, as opposed to developing multiple solutions for each platform. In a balanced system, consumer trust and protection would be enabled without stifling online business innovation or consumer options.

## **VIII. Conclusion**

CMP.LY thanks the Commission for the opportunity to provide comments on the policy concerns that have been outlined in this report. We know that these discussions will be ongoing and we are dedicated to assisting the Commission as it further defines a framework for privacy by design, simplification of consumer choice and for greater transparency of data practices. CMP.LY looks forward to contributing to the dialogue in a meaningful and constructive manner.

Sincerely,

Tom Chernaik  
CEO