

**ANALYSIS OF PROPOSED CONSENT ORDER TO
AID PUBLIC COMMENT**
In the Matter of IOActive, Inc., File No. 152 3187

The Federal Trade Commission ("FTC" or "Commission") has accepted, subject to final approval, a consent agreement applicable to IOActive, Inc. ("IOActive").

The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement's proposed order.

This matter concerns alleged false or misleading representations that the company made to consumers concerning its participation in the Safe Harbor privacy Framework agreed upon by the U.S. and the European Union ("EU") ("U.S.-EU Safe Harbor Framework"). The U.S.-EU Safe Harbor Framework allows U.S. companies to transfer data outside the EU consistent with EU law. To join the U.S.-EU Safe Harbor Framework, a company must self-certify to the U.S. Department of Commerce ("Commerce") that it complies with a set of principles and related requirements that have been deemed by the European Commission as providing "adequate" privacy protection. These principles include notice, choice, onward transfer, security, data integrity, access, and enforcement. Commerce maintains a public website, www.export.gov/safeharbor, where it posts the names of companies that have self-certified to the Safe Harbor Framework. The listing of companies indicates whether their self-certification is "current" or "not current." Companies are required to re-certify every year in order to retain their status as current members of the Safe Harbor Framework.

IOActive provides security consulting services. According to the Commission's complaint, the company has set forth on its website, www.ioactive.com/privacy-policy.html, privacy policies and statements about its practices, including statements related to its participation in the U.S-EU Safe Harbor Framework.

The Commission's complaint alleges that IOActive falsely represented that it was a current participant in the U.S.-EU Safe Harbor Framework when, in fact, from May 2012 until May 2015, IOActive was not a "current" participant in the U.S.-EU Safe Harbor Framework. The Commission's complaint alleges that in May 2009, IOActive submitted self-certification to the U.S.-EU Safe Harbor Framework and its status was changed to "current" on Commerce's website. IOActive did not renew its self-certification in May 2012 and Commerce subsequently updated IOActive's status to "not current" on its public website.

Part I of the proposed order prohibits IOActive from making misrepresentations about its membership in any privacy or security program sponsored by the government or any self-regulatory or standard-setting organization, including, but not limited to, the U.S.-EU Safe Harbor Framework.

Parts II through VI of the proposed order are reporting and compliance provisions. Part II requires IOActive to retain documents relating to its compliance with the order for a five-year period. Part III requires dissemination of the order now and in the future to persons with responsibilities relating to the subject matter of the order. Part IV ensures notification to the FTC of changes in corporate status. Part V mandates that IOActive submit an initial compliance report to the FTC, and make available to the FTC subsequent reports. Part VI is a provision “sunsetting” the order after twenty (20) years, with certain exceptions.

The purpose of this analysis is to facilitate public comment on the proposed order. It is not intended to constitute an official interpretation of the proposed complaint or order or to modify the order’s terms in any way.