California Privacy Protection Agency

Notice of Proposed Rulemaking: Data Broker Updates and DROP Audits

Notice published November 13, 2026

Title 11. Law
Division 6. California Privacy Protection Agency
Chapter 3. Data Broker Registration and Accessible Deletion Mechanism

Sections Affected: California Code of Regulations, title 11, sections 7601, 7602, 7603, 7604, 7610, 7612, 7613, 7614, 7615, 7616, 7620, 7621, 7630, 7631, 7632, and 7633.

The California Privacy Protection Agency (Agency) proposes to adopt and amend the 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: Wednesday, January 6, 2027
Start Time: 10 a.m. Pacific Time
Location: Cannabis Control Appeals Panel Hearing Room
400 R Street, Suite 330
Sacramento, CA 95811

To join virtually:

https://cppa-ca-gov.zoom.us/j/82871463357

To join by telephone:

(408) 961-3927
(408) 961-3928
(408) 961-3929
(855) 758-1310

Webinar ID: 828 7146 3357
International numbers available: https://cppa-ca-gov.zoom.us/u/kcJ3jTgyhZ

Reasonable accommodations are available upon request. Please contact Kevin Sabo at regulations@cppa.ca.gov or (279) 278-5086 by 5:00 p.m. on Wednesday, December 29, 2026, if reasonable accommodations are necessary.

The hearing will proceed until all testimony is submitted or until 12:00 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, persons who make oral comments to also submit a written copy of their testimony via email to regulations@cppa.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 at 5:00 p.m. Pacific Time on Wednesday, January 6, 2027. 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: **Data Broker Updates and DROP Audits**.

Please submit written comments to:

Email: regulations@cppa.ca.gov

Please include "Public Comment on Data Broker Updates and DROP Audit Regulations" 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://cppa.ca.gov/regulations/drop_audits.

Authority and Reference

Authority: Section 1798.99.87, Civil Code.

Reference: Sections 1798.99.80, 1798.99.91, 1798.99.82, 1798.99.86, and 1798.99.86.5, Civil Code.

Informative Digest / Policy Statement Overview

Summary of Existing Laws and Effect of the Proposed Action

The California Privacy Protection Agency (Agency) implements and enforces the Delete Act. (Civ. Code, § 1798.99.80 et seq.) The Delete Act requires the Agency to maintain a public data broker registry and establish an accessible deletion mechanism that allows a consumer, through a single verifiable request, to require every registered data broker

to delete personal information related to that consumer. (Civ. Code, § 1798.99.86(a).) Every data broker is required to access the deletion mechanism at least once every 45 days, retrieve and process deletion requests, and continue to delete newly collected personal information for consumers who have submitted requests. (Civ. Code, § 1798.99.86(c), (d).) Civil Code section 1798.99.87(a) authorizes the Agency to adopt regulations to implement these statutory requirements.

The Agency adopted regulations implementing the data broker registry, which became effective on January 1, 2025, and regulations governing the accessible deletion mechanism, which became effective on January 1, 2026. (Cal. Code Regs., tit. 11, §§ 7601–7622.) The Agency launched the accessible deletion mechanism, known as the Delete Request and Opt-out Platform (DROP) on January 1, 2026, and consumers immediately began submitting deletion requests through the DROP (DROP request). As of November 1, 2026, more than a half million consumers have submitted DROP requests containing almost three million individual consumer identifiers to 680 data brokers with active accounts in the DROP.

Since the DROP has become operational, the Agency identified several areas where the existing regulations could better align with the platform's functionality or with data brokers' operational realities. Because the initial regulations were adopted before the DROP was operational, certain provisions do not account for the more fully developed functionality of the DROP or issues that have come to the Agency's attention as consumers and data brokers use the system.

Data brokers have also raised recurring questions about definitions, scope of obligations, hashing and matching procedures, deletion requirements, suppression-list maintenance, and reporting. These issues reveal areas of confusion that could interfere with consistent and privacy-protective processing of DROP requests.

Separately, the Delete Act requires data brokers to undergo an independent third-party audit every three years beginning January 1, 2028. (Civ. Code, § 1798.99.86(e).) The statute does not specify essential audit parameters, including timing, scope, the qualifications and independence of auditors, the evidence required, or the contents of the audit report. Without regulations, audits would vary widely in rigor, comparability, and value, providing little assurance to consumers or useful information to the Agency and leaving data brokers uncertain about compliance expectations.

The Agency issued an Invitation for Preliminary Comments related to DROP audits and received 12 written comments consisting of 77 pages of input from data brokers, ad-tech companies, trade associations, nonprofits, individuals, and small businesses. Commenters emphasized auditor qualifications and independence, the importance of evidence over assertion, backups and downstream deletion requirements, and scope discipline. Agency staff also conducted comparative research, consulted academics, and engaged other agencies. The proposed regulations were developed after careful consideration of that information and input.

The Agency proposes to amend section 7601 through 7604, 7610, 7612 through 7616, 7620, and 7621 to better align the regulations to DROP and data broker operations, define terms, and to clarify data broker's ongoing obligations. The Agency also proposes adopting proposed Article 5, consisting of sections 7630 through 7633, which establishes the timing, auditor qualifications and independence standard, scope, evidence standard, and report contents for the audits required by Civil Code section 1798.99.86, subdivision (e).

Anticipated Benefits of the Proposed Regulations

The proposed amendments to sections 7600 through 7622, together with the proposed adoption of Article 5, update the regulatory framework governing data broker registration, DROP access, DROP deletion request processing, and the statutory requirement that data brokers undergo periodic compliance audits. When the Agency first adopted regulations implementing the Delete Act, the DROP had not yet been fully developed, and several provisions reflected early assumptions about how the system would function. Since the DROP's launch, the Agency has gained substantial experience operating the system, responding to data broker inquiries, and observing where the regulatory text could more closely align with the DROP's more fully developed functionality. The proposed amendments to Articles 2, 3, and 4 address those issues by clarifying definitions, correcting outdated terminology, improving internal consistency, and ensuring that the requirements governing registration, DROP account creation, deletion list selection, access obligations, processing, suppression list maintenance, and status reporting account for progress in implementation, data broker operational realities, and issues that have arisen since the regulations were initially adopted.

Proposed Article 5 implements Civil Code section 1798.99.86, subdivision (e), which requires data brokers to undergo an independent third-party audit of their compliance with deletion processing obligations beginning January 1, 2028, and every three years thereafter. Because the statute mandates audits but does not specify how they must be conducted, who is qualified to perform them, what specific components of processing they must evaluate, or what the audit report must contain, regulations are necessary to provide this structure. The proposed regulations establish predictable timing rules for the first audit cycle and the subsequent three-year cycles, set qualification and independence standards to ensure competent and objective auditors, and identify the key elements of deletion processing that every audit must assess, including deletion list selection, DROP access timeliness, standardization and hashing procedures, matching accuracy, deletion and opt-out actions, status reporting, suppression list maintenance, and instructions to service providers. These requirements ensure that audits evaluate actual performance rather than internal policies alone. The regulations also specify the required contents of the audit report, including findings, documentation of noncompliance, and certifications by both the auditor and executive management. Together, these provisions create a comprehensive audit framework that supports accountability, transparency, and enforceability.

The combined proposed amendments and new regulations create a clearer, more accurate framework that advances the Delete Act's purpose. Consumers begin by gaining more reliable deletion processing, stronger data minimization protections, and independent verification of data broker compliance. Data brokers benefit by receiving clearer, system-aligned requirements. The Agency benefits from regulations that strengthen enforcement, improve communication, and provide the definitional and structural foundation needed for DROP audits beginning in 2028. Together, these proposed changes produce a coherent, workable regulatory scheme that reflects operational experience, incorporates stakeholder feedback, and fulfills the Delete Act's statutory mandates.

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 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: Pursuant to Civil Code section 1798.99.86, subdivision (e)(2), data brokers are required to submit their triennial audit reports and related materials to the Agency only upon the Agency's written request; therefore, there is not fiscal impact from the regulations, as this falls within the Agency's ongoing enforcement operations, which continue to be funded through the Data Brokers' Registry Fund via annual registration and access fees pursuant to Civil Code sections 1798.99.81 and 1798.99.87, subdivision (b), and require no additional General Fund appropriation. The proposed regulations are not expected to impose fiscal impacts on any other state agency.

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 upon 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: The proposed regulations fall into two categories; updates to current data broker regulations and new provisions related to DROP audits. The most significant costs to businesses relate to the DROP audit. However, the requirements to engage an external, independent auditor and to undergo an audit triennially are imposed directly by Civil Code section 1798.99.86, subdivision (e), and therefore are not costs related to the proposed regulations. Additionally, the Agency anticipates any costs associated with the clarifying amendments are expected to be subsumed within the ordinary costs of complying with existing regulations, as the amendments do not impose new substantive obligations.

This analysis evaluates only the incremental regulatory costs attributable to the Agency's implementing specifications. For DROP audits, these include auditor qualification and independence verification required by proposed section 7631, minimum assessment components and evidentiary expectations contained in section 7632, and audit report contents and certifications found in section 7633. For data broker regulations updates, this includes the six-year retention of service provider notification records pursuant to section 7613, subdivision (e), and the 10-business-day account update requirements in section 7610, subdivision (b). The incremental regulatory costs vary by business size and system complexity, reflecting the documentation, evidence, and recordkeeping needed to support audits of statutory obligations.

For a small business data broker—typically a single primary system with limited service provider integrations—incremental one-time costs to align documentation, data maps, and audit-ready logging with proposed sections 7631 through 7633 are estimated at approximately $1,686. Incremental ongoing annualized costs for recordkeeping, service provider notification documentation, and audit period preparation are estimated at approximately $1,604 per year.

For a typical or larger data broker—multiple systems and service provider integrations—incremental one-time costs to align documentation and logs and to organize audit support materials are estimated at approximately $3,816. Incremental ongoing annualized costs for recordkeeping and audit-period preparation are estimated at approximately $3,181 per year.

The Agency found no cost impact on representative private persons.

Effect on housing costs: None.

Business report requirement: Businesses would be required to submit related audit documents to the Agency upon request; however, that requirement is statutory. It is also 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 680 data brokers as of November 1, 2026, of which approximately 170, which equates to 25 percent, 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: The proposal would not result in the creation or elimination of jobs. However, demand for independent third-party auditors with privacy, data deletion, and information systems expertise, as well as compliance and engineering roles at data brokers and consultancies, may increase.

Creation of New Businesses or Elimination of Existing Businesses: The proposal would not result in an elimination of businesses. New audit, privacy assurance, and technical compliance service provider businesses may form to serve the data broker market.

Expansion of Businesses: Firms providing accounting, information systems audit, privacy assurance, and information technology services, including firms already serving businesses subject to the Agency's cybersecurity audit regulations, may expand their practices to conduct DROP audits in accordance with the proposed regulations.

Worker Safety: The proposal would not benefit worker safety as the provisions proposed regulations do not pertain to, nor impact, worker safety.

Environment: The proposed regulations do not pertain to the state's environment and are not expected to impact the environment.

Health, Safety, and Welfare: The proposal would benefit the health, safety, and welfare of California residents by supporting statutory privacy protections. The proposal would improve identifier match accuracy, clarify deletion actions and exemptions, ensure sustained suppression of personal information, and establish uniform, evidence-based audits of statutory obligations across systems and service providers.

Consideration of Alternatives

In accordance with Government Code section 11346.5, subdivision (a)(13), the Agency must determine that no reasonable alternative considered by the Agency or that has been identified and brought to the attention of the Agency 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 private persons and equally effective in implementing the statutory policy or provision of law.

The Agency invites interested parties to submit alternatives with respect to the proposed regulations. The Agency's own alternatives to the proposed regulations are described in the Initial Statement of Reasons.

Contact Persons

Inquiries concerning the proposed rulemaking action may be directed to:

Kevin Sabo
California Privacy Protection Agency, Legal Division
400 R Street, Suite 350
Sacramento, CA 95811
(279) 278-5086
regulations@cppa.ca.gov

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

Elizabeth Allen
California Privacy Protection Agency, Legal Division
400 R Street, Suite 350
Sacramento, CA 95811
(279) 895-1356
elizabeth.allen@cppa.ca.gov

Availability of Statement of Reasons, Text of Proposed Regulations, and Rulemaking File

The Agency will have the entire rulemaking file available for inspection and copying throughout the rulemaking process upon request to the contact person(s) above. As of the date this Notice is published in the Notice Register, the rulemaking file consists of the Notice of Proposed Rulemaking, the Text of Proposed Regulations ("express terms" of the regulations), the Initial Statement of Reasons, STD. 399, and any other information upon which the proposed rulemaking is based. The text of this Notice, the express terms, and any information upon which the proposed rulemaking is based are available on the Agency's website at https://cppa.ca.gov/regulations/drop_audits. Please refer to the contact information listed above to obtain copies of these documents.

Availability of Changed or Modified Text

After considering all timely and relevant comments, the Agency may adopt these 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 will be available on the Agency's website at https://cppa.ca.gov/regulations/drop_audits. Please direct requests for copies to the contact person(s) listed above.

Availability of Documents on the Internet

Copies of this Notice, express terms, Initial Statement of Reasons, and any information upon which the proposed rulemaking are based are available on the Agency's website at https://cppa.ca.gov/regulations/drop_audits.