

Shopify & Data Transfers

September 14, 2020



Shopify takes matters of privacy and data protection seriously, and we contractually commit to our merchants that we will comply with data protection laws such as the General Data Protection Regulation, [Regulation \(EU\) 2016/679](#), (the “GDPR”). In order to do that, we have designed our infrastructure to transfer data across borders in compliance with the GDPR. In particular, we have structured our data flows such that all personal data about European data subjects is initially received and processed within Europe (specifically in Ireland). Shopify then transfers that data onwards to Canada and to other locations, as we explain in more detail in this [whitepaper](#).

GDPR cross-border transfer requirements

When personal data of European residents is transferred out of Europe, the GDPR requires that data to be protected under specific mechanisms, including:

- **Law:** the privacy law of the ‘destination’ country is determined to be adequate to ensure the data is protected (Article 45). The European Commission [has determined](#) that Canada’s private sector privacy law, which governs how Shopify’s parent company processes data, adequately protects this data.
- **Treaty:** countries may enter into international treaties to allow the cross-border flow of personal data, such as the EU-U.S. Privacy Shield. The European Commission may decide any such treaty is adequate to ensure that data is protected (Article 50). However, the EU-U.S. Privacy Shield was invalidated by the Court of Justice for the European Union on July 16, 2020.
- **Contract:** personal data may be transferred between a European entity and a non-European entity under a contract with “Standard Contractual Clauses” (“SCCs”). The language of the SCCs is approved by the European Commission.
- **Policy:** personal data may be transferred within a group of companies (for example between Shopify Inc. and Shopify Payments (USA) Inc.) if the companies have an internal policy for protecting data called “Binding Corporate Rules” (“BCRs”), which are approved by a Data Protection Authority (Article 47). Shopify is in the process of having its BCRs approved.

Our data infrastructure

As explained in our [GDPR Whitepaper](#), when you use Shopify’s services your contract includes a [Data Processing Addendum](#) between you and Shopify’s three entities that offer our services in different jurisdictions: Shopify Inc. (our parent company, located in Canada), Shopify International Ltd. (located in Ireland), and Shopify Commerce Singapore Pte. Ltd. (located in Singapore).

Per Section 2.1 of our [Data Processing Addendum](#), when we receive data about a European data subject, that data is initially received from you and/or the data subject by Shopify International Ltd., in Ireland. While we cannot advise you on your obligations under data protection laws, in our view we process this personal data within Europe and Shopify International Ltd. is not importing this data outside of Europe initially.

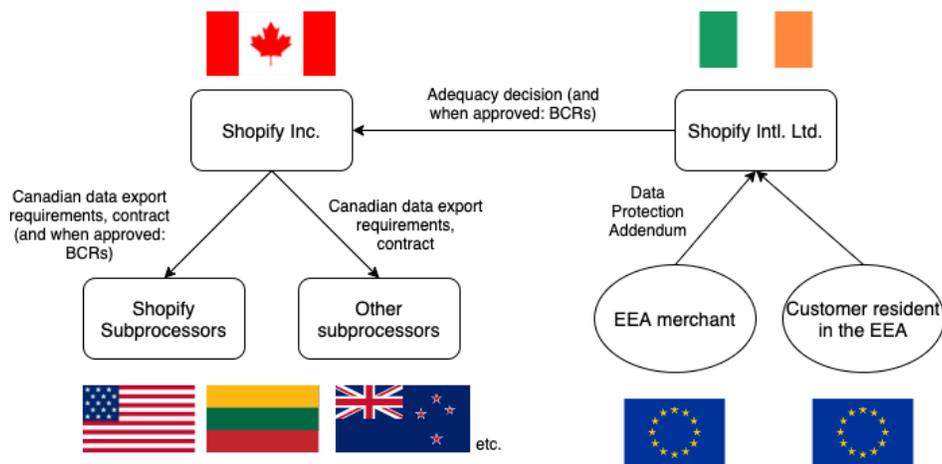
In order to offer our global platform, Shopify International Ltd. then transfers this data to Shopify Inc., our parent company. To the extent that the GDPR applies to this transfer, this initial transfer from Ireland to Canada is conducted pursuant to [Article 45](#) – a transfer on the basis of an adequacy decision. In this case, the transfer is to Shopify Inc., a Canadian company subject to Canada’s Personal Information Protection and Electronic Documents Act (“PIPEDA”). Because this transfer is to a company subject to PIPEDA, it is conducted under the European Commission’s adequacy decision [2002/2/EC](#).

Shopify Inc. then may use other subprocessors. These [subprocessors](#) are located around the world, and the specific subprocessors used will vary depending on specific circumstances (such as the loca-

tion of your store, your store configuration, specific Shopify services you may use, the extent to which you use Shopify support, etc.). At present, there is no specific GDPR mechanism that has been specifically approved to apply to the onward transfer of European residents' personal data from Canada to third countries. As such, we comply with the export requirements of Canadian privacy law, and ensure that all transfers to subprocessors take place under contractual protections. While the specific language in these contracts will vary by subprocessor, the contract will be materially similar to our Data Processing Addendum with you, as required by Section 2.3. Further, we are in the process of having Binding Corporate Rules approved, which will support transfers between Shopify's entities (some of whom act as subprocessors for your customers' personal data).

Note that when we transfer data to service providers in the United States, we **DO NOT** rely on the recently invalidated EU-U.S. Privacy Shield. Nor do we rely on SCCs. SCCs and the former Privacy Shield only apply to transfers from a European entity to a non-European entity (specifically an American entity in the case of the Privacy Shield), which does not apply to onwards transfers from Canada. Instead, we transfer this data pursuant to the requirements of PIPEDA (which the European Commission has determined is adequate), and subject to specific contractual agreements (again with provisions materially similar to those in our Data Processing Addendum with you).

The diagram below illustrates the flow of data of European residents, and how Shopify ensures protection each step of the way.



Frequently asked questions

Q: Since Shopify is based in Canada, am I exporting data about my European customers to Canada when I use Shopify?

A: All personal data about European customers is initially received and processed by Shopify International Ltd., which is located in Ireland. Shopify International Ltd. then may export this data as explained above, and is responsible for compliance with GDPR export requirements when it does.

Q: Your Data Processing Addendum says that you may transfer personal data to the United States. Do you?

A: While the specific subprocessors we use will depend on the manner in which you use our service, our Canadian entity Shopify Inc. will almost certainly transfer and process some personal data of your customers using subprocessors in the United States. As explained in our Data Processing Addendum and above, we transfer this data in compliance with PIPEDA, and subject to strict contractual commitments.

Q: You participated in the EU-U.S. Privacy Shield – does the decision in Case C-311/18 invalidating the European Commission's Decision 2016/1250 ("Schrems II") affect how the personal data of my

customers is transferred, since you can no longer rely on the Privacy Shield?

A: No. While we historically participated in the EU-U.S. Privacy Shield for some purposes, we have long relied on PIPEDA and contractual agreements with our subprocessors to transfer personal data from Canada to our subprocessors in the United States (as explained above). Schrems II's invalidation of the Privacy Shield therefore does not affect how we transfer data to our subprocessors.

Q: Will you enter into Standard Contractual Clauses with us to govern our transfer of our customers' data to you?

A: No. As explained above, we receive and initially process your customers' personal data within Ireland. We therefore believe that we are not importing this personal data from you outside of Europe, and so SCCs are not appropriate.

Q: Do you enter into Standard Contractual Clauses with your subprocessors to govern your transfer of our customers' data to them?

A: No. [As the European Commission explains](#), it has only currently approved the use of SCCs when transferring data from a data controller located in Europe to a data controller or data processor located outside of Europe. When Shopify Inc., a Canadian entity acting as a data processor for your customers' data, transfers your customers' personal data to our subprocessors, it is not a data controller located in Europe, and therefore cannot rely on SCCs. That said, as explained above and in Section 2.3 of our Data Processing Addendum, any transfer of your customers' personal data to a subprocessor occurs subject to a contract that is materially similar to our Data Processing Addendum with you.

Q: Where is my data stored? Can I specify the country of storage?

A: We primarily store our merchant and customer data in the US and Canada. We cannot commit to storage in a specific jurisdiction. Shopify dynamically rebalances storage between multiple Google Cloud Platform regions in order to ensure that we can offer a reliable and scalable infrastructure that can handle unpredictable volumes across our entire merchant base. We need to be able to move data geographically in order to operate our service. Merchants need to assess how this affects their legal requirements, and use our service accordingly.