



By: TA | AP Brief

# TikTok finalizes a deal to form a new American entity



TikTok has finalized a deal to create a new **American entity**, avoiding the looming threat of a ban in the United States that has been in discussion for years on the platform now used by more than 200 million Americans.

The social video platform company signed agreements with major investors including Oracle, Silver Lake and the Emirati investment firm MGX to form the new TikTok U.S. joint venture.

The new version will operate under “defined safeguards that protect national security through comprehensive data protections, algorithm security, content moderation and software assurances for U.S. users,” the company said in a **statement** Thursday. American TikTok users can continue using the same app.

President Donald Trump praised the deal in a Truth Social post, thanking Chinese leader Xi Jinping specifically “for working with us and, ultimately, approving the Deal.”

Trump add that he hopes “that long into the future I will be remembered by those who use and love TikTok.”

The Chinese government has not yet publicly commented on TikTok’s announcement.

Earlier on Thursday and ahead of the statement, Liu Pengyu, spokesperson Chinese embassy in Washington, said “China’s position on TikTok has been consistent and clear.”

Adam Presser, who previously worked as TikTok's head of operations and trust and safety, will lead the new venture as its CEO.

He will work alongside a seven-member, majority-American board of directors that includes TikTok’s CEO **Shou Chew**.

## TikTok's algorithm

The deal ends years of uncertainty about the fate of the popular video-sharing platform in the United States.

After wide bipartisan majorities in Congress passed — and President Joe Biden signed — a law that would ban TikTok in the U.S. if it did not find a new owner in the place of China’s ByteDance, the platform was set to go dark on the law’s January 2025 deadline.

For a several hours, it did. But on his first day in office, President **Donald Trump** signed an executive order to keep it running while his administration sought an agreement for the sale of the company.

Apart from an emphasis on data protection, with U.S. user data being stored locally in a system run by Oracle, the joint venture will also focus on TikTok's algorithm.

The content recommendation formula, which feeds users specific videos tailored to their preferences and interests, will be retrained, tested and updated on U.S. user data, the company said in its announcement.

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China previously maintained the algorithm must remain under Chinese control by law.

But the U.S. regulation passed with bipartisan support said any divestment of TikTok must mean the platform cuts ties — specifically the algorithm — with ByteDance. Under the terms of this deal, ByteDance would license the algorithm to the U.S. entity for retraining.

The law prohibits “any cooperation with respect to the operation of a content recommendation algorithm” between ByteDance and a new potential American ownership group, so it is unclear how ByteDance's continued involvement in this arrangement will play out.

“Who controls TikTok in the U.S. has a lot of sway over what Americans see on the app,”

said Anupam Chander, a professor of law and technology at Georgetown University.

Oracle, Silver Lake and MGX are the three managing investors, each holding a 15% share. Other investors include the investment firm of Michael Dell, the billionaire founder of Dell Technologies. ByteDance retains 19.9% of the joint venture.