

Report: Algorithm question complicates TikTok sale

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Employees exit the ByteDance headquarters in Beijing, China on Friday, Aug. 7, 2020. President Donald Trump on Thursday ordered a sweeping but unspecified ban on dealings with the Chinese owners of consumer apps TikTok and WeChat, although it remains unclear if he has the legal authority to actually ban the apps from the U.S. TikTok is owned by Chinese company ByteDance. (AP Photo/Ng Han Guan)

Sale talks for TikTok's U.S. operations have been complicated by the key question of whether the app's core algorithms can be included as part of a deal, according to a introduced export restrictions on artificial intelligence technology that appear to cover content-recommendation algorithms such as the one powering TikTok. The move followed President Donald Trump's effort to force a sale of TikTok's U.S. operations by Sept. 20.

Those [export](#) restrictions mean that TikTok's Chinese owner, ByteDance Ltd., would have to obtain a license to export any restricted technologies to a foreign company. The question is whether its algorithms would need Chinese government approval for transfer, and if so, whether Beijing would sign off.

The Journal report said both the prospective buyers and the seller, ByteDance, are trying to figure that out. Prospective buyers for U.S. TikTok assets include a Microsoft-Walmart team-up and, reportedly, Oracle.

Representatives for TikTok did not immediately respond to a request for comment on Tuesday. Microsoft, Oracle and Walmart declined to comment.

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