



## DIGITAL MARKETS ACT

Following the formal approval of both the Parliament and Council of EU of the Digital Markets Act (DMA), expected to be completed in July 2022, Big Tech Companies will have six months to comply with a litany of new obligations and regulations, or face fines of between 10-20% of their annual turnover, depending on the level of infringement. The EU's attempt to break Big Tech's absolute dominance of the digital market will result in a dynamic shift of the digital landscape.

### AIM OF THE DIGITAL MARKETS ACT

The DMA aims to identify a set of criteria when certain online services behave as 'gatekeepers', meaning they are large enough to have a significant impact on the internal market and have the potential to impose unfair conditions on users and other (smaller) businesses. In defining 'gatekeepers' and introducing a series of new obligations for them, the DMA aims to:



Break Big Tech's dominance and make the digital market more contestable



Increase competition and choice in the digital market



Stimulate tech innovation and scale-ups among SMEs



Online Marketplaces, such as Amazon and Alibaba



Tech giants such as Meta, Google, Apple, and Microsoft



Booking.com, Zalando, and possibly others in the future subject to growth

### SCOPE OF THE DIGITAL MARKETS ACT

The DMA will be applicable to 'gatekeepers', those being tech companies that provide a 'core platform service', have a market capitalisation of at least  $\geq\text{€}75$  billion or an annual turnover of  $\geq\text{€}6.5$  billion within the EEA, and have at least 45 million end users or 10,000 business users in the EU. Chief DMA negotiator Cédric O predicts 15-20 companies will fall under the scope, including:

## OBLIGATIONS AND REGULATIONS FOR GATEKEEPERS



Obligatory 'sideloading', ie third-party apps must be downloadable



Ban on 'app bundling', ie requiring users to avail of the gatekeeper's other services



Interoperability requirements – first for messaging apps, and later for voice calls and group chats



Ban on unremovable apps or software, unless essential for device functioning



Ban on preventing 'switching', ie no raising artificial barriers preventing a user from using a rival service



Ban on combining user data from different sources without explicit consent



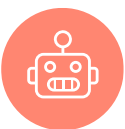
Ban on self-preferencing of a gatekeeper's own services/products



Obligations for choice screens – gatekeepers must show users that they can avail of competitors' services

## THE DMA FOR BUSINESS USERS

Given the frequent dependence of SMEs on gatekeepers as business platforms, The DMA furthermore introduces a number of specific regulations and obligations for gatekeepers in relation to how they interact with business users, namely;



Gatekeepers cannot prevent business users from using rival platforms to offer their services



Gatekeepers cannot use data produced by business users to enter into competition with them



Gatekeepers will be obliged to provide business users with free, high-quality, real-time aggregate data on business profiles and end users of the business profile

## NEXT STEPS

European Parliament formally approves DMA

5 July 2022

DMA text to enter into force

20 days following Council's vote

July 2022

Council of EU to formally approve DMA

Early 2023

Gatekeepers must comply with DMA