#### **European Commission - Press release**





# Digital Markets Act: rules for digital gatekeepers to ensure open markets enter into force

Brussels, 31 October 2022

Tomorrow, the EU <u>Digital Markets Act</u> (DMA) will enter into force. The new Regulation will put an end to unfair practices by companies that act as gatekeepers in the online platform economy. It was proposed by the Commission in December 2020 and agreed by the European Parliament and the Council in record-time, in March 2022.

The DMA defines when a large online platform qualifies as a "gatekeeper". These are digital platforms that provide an important gateway between business users and consumers – whose position can grant them the power to act as a private rule maker, and thus creating a bottleneck in the digital economy. To address these issues, the DMA will define a series of obligations they will need to respect, including prohibiting gatekeepers from engaging in certain behaviours.

#### **Designating gatekeepers**

Companies operating one or more of the so-called "core platform services" listed in the DMA qualify as a gatekeeper if they meet the requirements described below. These services are: online intermediation services such as app stores, online search engines, social networking services, certain messaging services, video sharing platform services, virtual assistants, web browsers, cloud computing services, operating systems, online marketplaces, and advertising services.

There are three main criteria that bring a company in the scope of the DMA:

- 1. A size that impacts the internal market: when the company achieves a certain annual turnover in the European Economic Area (EEA) and it provides a core platform service in at least three EU Member States;
- 2. The control of an important gateway for business users towards final consumers: when the company provides a core platform service to more than 45 million monthly active end users established or located in the EU and to more than 10,000 yearly active business users established in the EU;
- 3. **An entrenched and durable position:** in the case the company met the second criterion during the last three years.

More information on the procedure of designating gatekeepers is available in the <u>Questions and</u> Answers on the DMA.

#### A clear list of "do's and don'ts"

The DMA establishes a list of <u>do's and don'ts</u> that gatekeepers will need to implement in their daily operations to ensure fair and open digital markets. These obligations will help to open up possibilities for companies to contest markets and challenge gatekeepers based on the merits of their products and services, giving them more space to innovate.

When a gatekeeper engages in practices, such as favoring their own services or preventing business users of their services from reaching consumers, this can prevent competition, leading to less innovation, lower quality and higher prices. When a gatekeeper engages in unfair practices, such as imposing unfair access conditions to their app store or preventing installation of applications from other sources, consumers are likely to pay more or are effectively deprived of the benefits that alternative services might have brought.

#### **Next Steps**

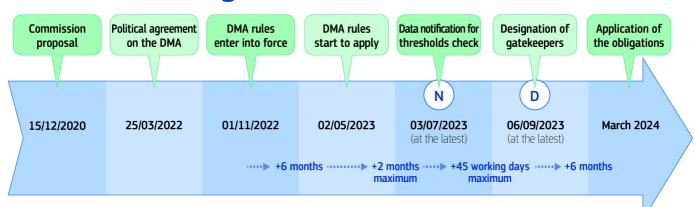
With its entry into force, the DMA will move into its crucial implementation phase and start to apply in six months, as of 2 May 2023. After that, within two months and at the latest by 3 July 2023, potential gatekeepers will have to notify their core platform services to the Commission if they meet the thresholds established by the DMA.

Once the Commission has received the complete notification, it will have 45 working days to make an assessment as to whether the undertaking in question meets the thresholds and to designate them as gatekeepers (for the latest possible submission, this would be by 6 September 2023). Following their designation, gatekeepers will have six months to comply with the requirements in the DMA, at the latest by 6 March 2024.

To prepare for the enforcement of the DMA, the Commission is already now engaging proactively with industry stakeholders to ensure effective compliance with the new rules. Furthermore, in the next months, the Commission will organise a number of technical workshops with interested stakeholders to gauge third party views on compliance with gatekeepers' obligations under the DMA. The first of those workshops will take place on <u>5 December 2022</u> and will focus on the "self-preferencing" provision.

Finally, the Commission is also working on an implementing regulation that contains the provisions on the procedural aspects of notification.

## **Timeline for Digital Markets Act**



### **Background**

Together with the proposal on the <u>Digital Services Act</u> (DSA), the Commission proposed the DMA in December 2020 to address the negative consequences arising from certain behaviors by online platforms acting as digital gatekeepers to the EU single market.

The DMA will be enforced through a robust supervisory architecture, under which the Commission will be the sole enforcer of the rules, in close cooperation with authorities in EU Member States. The Commission will be able to impose penalties and fines of up to 10% of a company's worldwide turnover, and up to 20% in case of repeated infringements. In the case of systematic infringements, the Commission will also be able to impose behavioral or structural remedies necessary to ensure the effectiveness of the obligations, including a ban on further acquisitions.

Finally, the DMA gives the Commission the power to carry out market investigations that will ensure that the obligations set out in the regulation are kept up-to-date in the constantly evolving reality of digital markets.

#### For More Information

EU Official Journal text

<u>Digital Markets Act Q&A</u> (updated)

<u>Digital Markets Act fact page</u>

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Members of the college said:

The DMA will change the digital landscape profoundly. With it, the EU is taking a pro-active approach to ensuring fair, transparent and contestable digital markets. A small number of large companies hold significant market power in their hands. Gatekeepers enjoying an entrenched position in digital markets will have to show that they are competing fairly. We invite all potential gatekeepers, their competitors or consumer organisations, to come and talk to us about how to best implement the DMA.

After the new digital markets rules were agreed in record time, we are now entering a decisive moment for their application. We now have certainty when the rules will apply and gatekeepers have to change their current unfair practices, which for too long have deprived digital markets of innovative alternatives. It is time for gatekeepers to be designated and to comply with the rules. The Commission is already actively engaging with potential gatekeepers to ensure that compliance with the new rules starts from day one. We will also not shy away from using our enforcement powers should there be indications that obligations and prohibitions are not respected.

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